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# ***JPRS Report***

## **Soviet Union**

### ***Economic Affairs***

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# Soviet Union

## Economic Affairs

JPRS-UEA-88-042

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## ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

### Galbraith, Menshikov Discuss Reforms, Market Socialism

18200002 Moscow SOVETSKAYA KULTURA in Russian 20 Sep 88 p 6

[Excerpt from the book "Kapitalizm, sotsializm, sosushchestvovaniye" [Capitalism, Socialism, Coexistence] by Soviet economist Stanislav Mikhaylovich Menshikov and the American economist J.K. Galbraith: "What Does the Future Promise?"; first five paragraphs are editorial introduction]

[Excerpt] The publishing house "Progress" is publishing the book "Kapitalizm, sotsializm, sosushchestvovaniye." This is a dialogue between two economists, the Soviet economist S. Menshikov and the American economist J.K. Galbraith.

J.K. Galbraith and S. Menshikov met in 1964 on one of J.K. Galbraith's visits to our country. At that point in his career he had already been teaching and lecturing at Harvard University for many years and had worked in the Roosevelt administration as a department administrator for price controls. He is the author of books which are well-known in the United States: "Novoye industrialnoye obshchestvo" [The New Industrial State], "Zhizn v nashe vremya" [literally: Life in Our Time], and others. J.K. Galbraith was one of the founders of the political organization "Americans for Democratic Action."

Stanislav Mikhaylovich Menshikov is doctor of economic sciences, professor, and author of a number of books on the capitalist economy.

The meetings with J.K. Galbraith were renewed when S. Menshikov was working at the UN. The numerous conversations and long correspondence became the basis of this book.

We offer for our readers' attention an excerpt from this dialogue between scientists.

J.G.: Let us move on now to the question of socialism's future. How do you see it, and what do you think about the course of Gorbachev's economic reform?

S.M.: I see three possible scenarios. I am presenting them, of course, in more or less simplified form, and it all could be much more complicated in reality. The first presupposes the threat of bureaucratic sabotage of the present antibureaucratic reforms, that is, an attempt to preserve the previous situation or at best go no further than cosmetic changes.

Why is such a version possible? Above all because the present reforms cannot guarantee a magical leap to immediate economic prosperity. The transition to the new system is very complex.

The conservative forces, the bureaucracy, will begin to say that the difficulties have occurred because administrative-command methods of managing the economy have been renounced. Something of the kind occurred in 1964, when they put the blame on Khrushchev for eliminating centralized planning by creating the sov-narkhozes. That kind of thing could happen again. Even now the bureaucracy and the shadow economy are doing everything in their power to prove that the new system is not viable. This is not done overtly, without high-sounding declarations, but in everyday life. The conservative forces do not even stop short of the artificial creation of new difficulties, especially in the area of the supply of consumer goods. This pertains above all to agriculture, retail trade, the development of cooperatives, and self-employment.

J.G.: And presumably this is related to the fact that the people who make up the bureaucracy are in general quite satisfied with their position.

S.M.: The old system suited them as a matter of fact, and they have no particular desire to alter it in any fundamental way. Yet it seems, Professor Galbraith, that you are not surprised by the bureaucracy's ability to adapt to new conditions and find new grounds for its existence and its new forms.

Take Hungary as an example. This is a country where officially there has been no central planning for a number of years now, where the centralized bureaucracy was by law deprived of a substantial portion of its power. However, as the well-known Hungarian economist Janos Kornai has pointed out recently in an article, the previous command system of direct bureaucratic control in Hungary has been transformed into a system of mediated bureaucratic control. Thus a new form of control has arisen, a new form of domination by the bureaucracy.

J.G.: Very interesting. I am especially pleased at the mention of Professor Kornai, my colleague at Harvard University. He teaches half the year in Cambridge and half in Budapest. A wonderful example of socialist-capitalist convergence, don't you think?

S.M.: Of cooperation, I would say, rather than of convergence, since the systems remain quite different. Some say that Yugoslavia has successfully done away with the centralized bureaucracy, but now they talk with equal frequency about the regional and local bureaucracy that is interfering in the affairs of production enterprises.

The first scenario, which envisages the possibility of preservation of the bureaucracy's control in the socialist countries, would result in perpetuation of the economic stagnation, intensification of inflation, a growth of external indebtedness and other quite undesirable phenomena. The first scenario, then, is not one that is conducive

to socialism's achievements. Even in our country there are those who have been attempting to take advantage of the reform for a general rise of prices, which is very pernicious and dangerous.

J.G.: We will go on to the second scenario, but a bit later I would like to ask where Mr. Gorbachev gets his support in battling the bureaucracy?

S.M.: I think this question can be answered at once. He is supported by the party, broad strata of the population, especially enterprise workers, kolkhoz members, who greatly need greater freedom in carrying on economic activity; he is supported by the intelligentsia, above all the creative intelligentsia, by which I mean the world of literature and art, the press, the news media as a whole.

J.G.: People like you and me.

S.M.: Scientists and writers, if you like....

The second scenario differs essentially from the first and envisages progress toward more complete market socialism. This does not signify at all a restoration of the capitalist system, although it does presuppose a broader framework for private initiative. But mainly the idea is that prices would be completely determined by the market, as you in fact have proposed in discussing the reforms in the USSR, and also by the emergence of a free labor market.

J.G.: I sense that this scenario does not inspire you. What do you see as its defects?

S.M.: It first of all allows the possibility of unrestrained inflation. I would like to allude to the conception which you have advanced in your books—the idea of countervailing power. In a socialist market system, where management of enterprises is in the hands of work collectives, there is no countervailing power capable of preventing the uncontrolled growth of their money income and prices. I suspect that without it there could easily be unrestrained inflation, especially if competition has not developed between the enterprises themselves. I see this as one of the shortcomings of the second scenario.

J.G.: In other words, there will be no instrument for controlling the rise of worker wages and the pressure exerted on the market?

S.M.: And on prices. I am all in favor of the worker receiving a fair share, but I am against a continuous rise of wages outstripping the rise of productivity, which is exactly what is happening in Yugoslavia.

J.G.: In discussing countervailing power I argued that the worker, the trade union, the cooperative, even a chain of stores or supermarkets represent a force capable of neutralizing the influence of the manufacturing corporation. In the socialist countries what happens in this

respect is that all the power remains with the associations of workers, and the employer has no neutralizing limitations at all at his disposal.

S.M.: Or at the disposal, if you like, of the central planning authority. But let us assume that that shortcoming can be overcome, that the market functions effectively enough and that unrestrained inflation does not occur. What grounds do we have for supposing that this kind of socialist system will operate more successfully than the capitalist system, which possesses a still more refined market mechanism?

J.G.: Complete market socialism, in my opinion, is something beyond the limits of present possibilities and imagination.

S.M.: But this version is being advanced by certain economists, and it is being discussed.

J.G.: Talk about the third scenario.

S.M.: I would call it truly democratic centralism; I am referring to the combination and effective use of the best features of central planning with the best and least dangerous and destructive characteristics of the market.

Take the price system as an example. You have asked: Why not turn to completely free pricing? I answered that the price mechanism is by no means perfect. Planning for the future requires more information than supplied by today's prices, and no one knows what prices will be in the coming period if the current market conditions are to be the sole point of departure. But central planning authorities can in principle calculate a system of future prices that would be completely consistent with the plan and with the country's general economic strategy. There are methods which make it possible to compute such future prices.

J.G.: This scenario is not altogether clear to me. It presupposes solution of some very complicated technical problems. You will begin to accept the prices established by the market, but with the exception of those cases when on the basis of long-term computations such prices could be adjusted and made more acceptable from the social and economic standpoint, is that the right line of argument?

S.M.: Mainly it is.

J.G.: Give a practical example where market prices would be wrong, but the calculated prices correct.

S.M.: Let us turn, for example, to oil prices 20 or 30 years ago. They were very low, but from the standpoint of the situation on the market they seemed correct. Such low prices, however, existed in spite of the fact that the most productive sources of petroleum could be depleted

rather quickly. If planning authorities had looked ahead 20 years, they would have concluded that oil prices in the future would inevitably rise.

J.G.: Taking the variant that is being discussed today, you would raise prices as a step to conserve resources?

S.M.: Yes, but also as a step that would weaken the economy's excessive dependence on an energy source which is inexpensive at the moment, but will be more expensive in 10-20 years. In such a case the equipment we are using now would not have been designed for a fuel which is becoming increasingly expensive, but would have been less energy-intensive.

J.G.: So, our third scenario represents a market economy except for those cases when it is irrefutably clear that a change in the price structure will bring social benefits. I have another question. Does your model envisage preservation of the very cumbersome bureaucratic apparatus, as my colleague, Professor Kornai, has noted?

S.M.: I do not think so, since the kind of price control I spoke about does not require a staff of bureaucrats. But, being sensible, we are still far from the adoption of optimal prices, since we have ahead of us a price reform that has been conceived to correct discrepancies in prices of natural resources, raw materials, machines and equipment, and consumer goods. Without such a reform many enterprises will be artificially unprofitable and others artificially profitable. The price reform is arousing fierce discussions even now. There are serious fears that it will cause a general rise of prices, including retail prices, that is, it will increase the cost of living.

Many fundamental issues have arisen—is it necessary, for example, for the consumer to subsidize manifestly unproductive methods of farming and to pay for inefficiency and poor performance of industrial enterprises? The newspapers are alive with examples where the raising of prices is becoming virtually the principal method of fulfilling the output plan or for achieving a false profitability—without efforts to increase the real quantity of goods and services and to improve their quality. You, of course, understand that we have had very little experience in carrying on a market economy. And when I say “we” I am referring above all to enterprise managers. Thus, someone must train our managers.

J.G.: We have to think about the possibility of inviting more of your people to the Harvard Business School.

S.M.: True, but I am afraid that you will not be able to teach them all there.

J.G.: There are only so many places in our dormitory.

S.M.: We ourselves have organized a number of management schools at the postsecondary level, although there ought to be more of them. But the selection of personnel

who would be sufficiently independent and capable of seeing to the future prosperity of the enterprise, its workers, and the branch as a whole should become the main task of central authorities. We cannot allow them to be personnel drilled in the old bureaucratic traditions.

J.G.: There are two or three other questions which I would like to put to you. What about unprofitable enterprises, those which quite obviously will not turn a profit, but are continuing to operate? Do you intend to borrow Chapter 11 of our bankruptcy law?

S.M.: As I have already mentioned, we do have a provision in the new Law on the Enterprise on bankruptcy. This possibility is taken into account, and the same is true in Yugoslavia, Hungary, and China. Experiments are being conducted there with laws on bankruptcy. I consider bankruptcy an extraordinary and extreme case to solve the problem of enterprise unprofitability. You will agree that in capitalism bankruptcy is not occurring in our time as often, especially when it comes to big corporations. This practice was more widespread in the early stage of capitalism.

J.G.: That is true. To be sure, today's THE NEW YORK TIMES gave an entire page to articles related to the bankruptcy of the LTV Corp.

S.M.: Yes, I saw that article. But under your bankruptcy laws a corporation does not in practice cease to exist. They usually reorganize it one way or another.

In the Soviet Union the central economic authorities must under the new law take responsibility for organizing the most effective performance of the enterprise and of the branch or sector as a whole.

J.G.: I see that those bureaucrats whom you have been condemning so severely will still have certain functions. Whenever something does not go the way it should, they come back onto the scene in your country.

S.M.: The central authorities will have to provide essential help to a bankrupt or unprofitable enterprise in its modernization or in changing its market orientation. That is what its function will be, not daily intervention and the issuing of orders.

The main problem is seeing that the plant's workers are not left unemployed because of mistakes by its managers or bureaucrats in the planning system. This is what I am trying to explain: the task of the central authority is to prevent bankruptcy or unemployment.

J.G.: In my past visits to the Soviet Union I have had the impression—incidentally, I recall that you yourself were among those who raised this question—that in Soviet industry there is a serious gap between the technical

inventions of research institutes, the technology being developed in the Soviet Union and also in the West and in Japan, and their application. Is this a problem, and how will it be solved?

S.M.: Yes, it is a problem. But it pertains not only to a majority of ministries, but also to the organizers, the "leaders of science," the State Committee for Science and Technology and the Academy of Sciences. In recent decades the academy has pursued a line of setting up large institutes which have been poorly managed and ineffective. In many cases their management has not consisted of people known for their discoveries and achievements in the relevant fields of science at all. These people naturally did not contribute to the progress of science and technology.

Many people in my country feel that the task now consists of a speedy debureaucratization of science and of its institutes; otherwise the country will confront a still more serious lag.

J.G.: I come back again to the same question. Don't your words mean that the people who are now managing these institutes, who are in command in the academy, must themselves undergo a reform? Is that realistic?

S.M.: No, I am talking about something quite different. In the new system—and this is being widely discussed in scientific and academy circles—institute directors would be elected by the staff members of institutes on the basis of their scientific and academy qualifications, not on the basis of their bureaucratic abilities.

J.G.: I would find that very promising. But that step will not be popular with those who have to step down.

S.M.: Absolutely not, but this has to happen. The organism is in bad need of a blood transfusion.

J.G.: Say a few words about how the institutes and the Academy of Sciences are now applying Soviet or American or Japanese or other inventions. And I would like you to explain more concretely how this process can be improved.

S.M.: First, by careful study and practical application of the experience of some of the most effective foreign enterprises, where research and development are directly linked to production and sales. There is already a good example of how this has been organized in the German Democratic Republic.

Second, in the thirties and forties in the Soviet Union, when the need for technical progress was extremely acute, shock collectives, "breakthrough groups," were created for accelerated creation of relevant new technology, especially in the field of weapons, aircraft, and so on. For example, in the fields of nuclear power or space

exploration such "breakthrough groups" have proven their effectiveness. There is now an opportunity to set up similar "breakthrough groups" in various fields where we have observed a lag.

J.G.: I find that very impressive. After all, when you think about building a jet airplane, a satellite, about Gagarin's spaceflight, you recall that at that time we considered the Soviet Union the leader in technology. We no longer think so.

S.M.: And the reason is that a country that was technically behind in many other respects achieved progress in those fields which it managed to organize on the crash-effort principle.

In summing up the results, I would like to note that at the microeconomic level, that is, enterprises and associations, socialism has much to learn—moreover at an accelerated pace—from capitalism, from private enterprise, and from the market. If socialism manages to do that, then by combining the least socially dangerous aspects of private enterprise and the market with the advantages of the planned system at the macroeconomic and social levels, we will be able to operate more successfully than capitalism. That is the scenario that I prefer for a socialist society. And that is the purpose and meaning of our economic reforms.

07045

### **Shmelev Calls for Lower Growth Rates, Better Quality**

18200257 Moscow MOSCOW NEWS in Russian  
25 Jun 88 p 2

[Article by Nikolay Shmelev, doctor of economic sciences, professor: "What Are Our Priorities?"]

[Text] From my point of view, the point of view of an economist, in the Theses there are ideas, which will have far-reaching consequences.

First of all, we cannot but rejoice that the party is beginning to get rid of economic functions not characteristic of it. This does not mean that the party will not interfere at all in the economic process. As the ruling party it is obliged to do this. Every society should have its own general staff determining the strategy of social development. However, how party workers dealt with economic problems thus far resembled more a fuss than strategic management. Until recently in the party it was very easy to find a man, who, to put it rather crudely, was engaged in getting hold of nails, that is, in supply and other matters in the same spirit. And it was very difficult to find people or collectives, which would develop long-term programs and plans. True, such collectives are beginning to be formed now.

The idea of a division of functions meets with support, but also with resistance. It is obvious that the problem of uselessness of all sectorial departments in party organs arises in connection with it. The economic competence, for example, of the raykom in a village, which was the absolute master there, is called into question. However, I believe that the more quickly we take away day-to-day work from party bodies, the more quickly the process of recovery of industry and agriculture will occur.

However, let us turn to the economic reform itself in the part of the Theses that concern it directly.

The Theses express the party's deep concern for the way the reform is proceeding. "The measures for its realization are paralyzed to a considerable degree by the bureaucratic position of a number of ministries, departments, and economic bodies." Next it is stated: "In this connection it is necessary to condemn in an uncompromising manner the actions that distort the essence of the economic reform and directly or indirectly undermine the law on the enterprise."

To condemn, absolutely. However, also to understand and to clarify to oneself more thoroughly what, nevertheless, hampers economic transformations.

We are inclined—and, in part, of course, with justification—to seek the causes of deceleration in the bureaucracy's fear of losing its command levers and its position in society. I believe that this is only part of the problem and, perhaps, not the main one. Everything lies in the fact that the old system of economic management is alive, well, and operates "at full capacity." And not simply the system. The old scale of values continues to be in effect.

As before we orient people, our entire economy, toward maximally high rates of growth, as well as toward results at any price. Yes, this can be explained historically and psychologically. For 60 years we have aimed for high rates, not analyzing or pondering whether we need so much output. It is impossible to stop all together and to completely give up this pernicious habit. It precisely guided our managers, when they formulated the 12th Five-Year Plan. And precisely because of it we cannot attain radical changes and a radical improvement in the situation.

I am convinced that unnecessarily high rates of growth have been set indiscriminately in all national economic sectors. In fact, such rates are necessary only in so-called high-technology sectors. This is a small sector of the economy. Even in America it gives 8 to 10 percent of the national product. However paradoxical this may sound, in traditional sectors we need rather a drop in rates, which would clear the way for qualitative improvements and for the introduction of the achievements of scientific and technical progress, which makes it possible to increase production efficiency. What is the use of us producing more machine tools, steel, and footwear!

Better, not more, products are needed. Even agriculture does not need high rates of growth. The task is to preserve everything that we have grown, everything down to the last grain. It is intolerable that we do not deliver more than 20 percent of the grain to the consumer, but, to put it bluntly, let it rot. We lose up to 60(!) percent of the vegetables. And everything because of bad roads, bad storage facilities, and bad processing. Let us take, for example, only this sector and introduce order in it. This would give a much bigger effect and a bigger profit than, simply, an increase in production volumes, which, all the same, we will not retain.

I would formulate this as follows: It is impossible to have restructuring and "acceleration" simultaneously. At first it is necessary to stop in order to restructure the national economy proper in favor of new sectors and to reduce the proportion of production of raw materials and capital-intensive sectors. And only after this is it realistic to again set the task of attaining high rates. Thus, a discussion of the economic reform should inevitably bring up the subject of **our priorities**. This is a fundamental problem. The root of many present troubles and the cause of the stubborn clinging to administrative-command methods lie in it. But how is it possible to construct management differently if the planned figure at any price is the goal? In order to ensure it, ministries try to exercise maximum control. They have to reach the planned indicator and nothing else disturbs them any more. They are responsible for this with their career. They are responsible to the "upper circles." Hence, I repeat, the attempt to preserve the inviolability of all the levers. Hence the attempt to include 100 percent of all the output in the state order and many other things in the same spirit.

If we definitively reexamine the "ideology" of our economy, I am confident that the reform will move more rapidly and will give tangible results.

Why is the reduction in the bureaucratic apparatus proceeding with such a squeak? Because it is proceeding mechanically. After all, it is not a question of how many people there are, but of the functions that they perform. But if functions remain unchanged, not much comes out of the reduction either.

Of course, the very principle of organization of our ministries and departments is of great importance for the outcome of the fight against bureaucratism. I have already said that ministries bear no responsibility "below" for their blunders, which today causes a justified indignation on the part of production workers, who, in fact, pay for the sins of their headquarters. The cost-accounting system based on commodity-money relationships and on the independence of enterprises organically leads us to what we already successfully tested in the 1920's, when we tried to build a cost-accounting system of socialism. Incidentally, for the 7 or 8 years, which we called the New Economic Policy, it operated

quite successfully. At that time so-called syndicates performed the functions of ministries and they did this much better than the present ones. The enterprises themselves established syndicates with their own deductions and their own fixed contributions. They performed the same tasks as ministries—commercial, supply, and others. But what is most important, they were accountable to shareholders. Yes, they helped the weak ones from the common stock in order to somehow support the enterprises that got into a difficult situation. However, everything was clear, as we now say, public and open. Now, as we know, ministries, shamelessly, not wishing and not intending to justify themselves, transfer money earned by one to another. Now this resembles a bad charity. Then this was a normal economic operation.

I will not go back to thoughts about priorities. Do we accurately visualize the restructuring algorithm? What, for example, should its first steps have been? Have we taken them correctly? My personal opinion is that, nevertheless, an advance of agriculture should be the first step. It is not accidental that, above all problems, Chinese economists also raised one problem, which was the most urgent in their opinion: To feed people. And they began from this. Such an approach seems the most intelligent to me. If for a few years we concentrate on agriculture and attain a decisive success in it, this will provide a social climate, in which further progress will be much more rapid and people will have a greater understanding of the tasks set for them. In principle, we have embarked on a correct path here. The lease contract can fundamentally rectify the state of affairs. It should be introduced more boldly and its successes should be popularized more widely. People should be enlisted in it. However, the lease should be for a long—perhaps, even indefinite—period.

The development of cooperatives in the city and in the sphere of services and small-scale industry is the second factor in the creation of a favorable reform climate. They can revive our trade and domestic services. Any attempts by the Ministry of Finance to stifle the hardly born movement with taxes are on no account acceptable.

But I would wait with the price reform, although I was the first to talk about the need for it. I see that the idea of changing the price structure (let us assume, doing as follows: meat costs 4 rubles, shoes, 25 rubles, and a color television set, 250 rubles, which would correspond to economic logic) is replaced with the primitive desire to simply raise prices, thereby stopping some budget gaps. I think that, in general, the price reform, especially if we talk about retail, not wholesale, prices, should begin only when signs of improvement at the market appear and when we fill it, even if slightly, with goods. Otherwise, the restructuring idea can be compromised in the eyes of rank-and-file citizens.

And the last thing that I would like to say, since I have mentioned China. Pondering over its phenomenon, I cannot fail to reach the following conclusion: The

advances that the Chinese have made are due to their striking determination and consistency in the implementation of the conceived reform. (They fought and are fighting against troubles very similar to ours. One day I read the following item in one Chinese newspaper: A director, who wanted to open a shop with his own money, needed more than 700 authorizing signatures). My explanation, perhaps, is subjective, but I have arrived at this thought after living in the country and getting acquainted with its concerns. The events of the "cultural revolution" are too close in time to the present and are fresh and alive in the memory of the Chinese people. During the entire time I spent in China not a single person who had not passed through camps sat with me at the table. The Chinese did not have a "stagnant period," which would damp the acuteness of understanding the need for the most rapid and radical changes.

This purposefulness is one of the factors determining their successes.

Therefore, I would like to wish greater resoluteness for the talk at the conference. The Theses reflect all our problems to one degree of frankness and sharpness or another. Now steps for their solution should be mapped out.

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## INDUSTRIAL DEVELOPMENT, PERFORMANCE

### Normative Act Needed To Aid Enterprise Performance

18200262 Moscow KHOZYAYSTVO I PRAVO in  
Russian No 6, Jun 88 (signed to press 8 Jun 88)  
pp 41-45

[Article by V. Vishnyakov, doctor of juridical sciences,  
professor: "Legal Basis for Economic Normatives"]

[Text] Long-term economic normatives, which determine the mutual relations of the enterprise with the budget, the formation of the wage fund and material incentive funds, and other aspects of activity of its collective, represent an important administrative lever under the new conditions of management. According to paragraph 3 of article 10 of the USSR Law on the State Enterprise (Association), they are one of the foundations for the formation of its plan for economic and social development.

With the entry of this law into force the rights of enterprises have expanded significantly. However, the mechanism of regulation of their activity formed in the past under the guise of "economic methods" of management still retains its force: Planning bodies, as before, "lower" lists of normatives and ministries "correct" and approve them for every enterprise, but these normatives often worsen the financial situation at the latter. Economic levers of management largely lose their assigned

stimulating effect and the realization of the Law on the Enterprise is made difficult. A familiar lexicon from the recent past is again used, but now with respect to economic normatives: "to get hold of," "to reduce," and "to correct..."

A great deal is written and said about this—about the fact that it is necessary to protect labor collectives against bureaucratic interference from above, to develop glasnost, and to create relations of an equal partnership between the enterprise and the ministry. Meanwhile, ministry workers continue to solve arising problems not on the basis of economic normatives, but through address instructions and unbalanced assignments. Therefore, in our opinion, the introduction of a system of economic normatives alone is insufficient. There is also a need for a legal mechanism, which would protect enterprises from interference from elsewhere and would lend a legal nature to the normatives themselves. However, the absence of such a reliable legal basis leads to the fact that economic normatives from paramount become secondary as compared with other components of the national economic plan.

To what this leads can be seen from how the normatives of deductions from profit in favor of state budgets and normatives for the formation of material incentive funds of enterprise collectives were determined for 1988. Ministries established them for enterprises on the basis of already formed proportions, or, in other words, in a countdown from the planned sum of payments in favor of the budget and deductions for the ministry. At times normatives were adjusted to the absolute sums of funds, which determined their arbitrary nature. For example, the USSR Ministry of the Petroleum Refining and Petrochemical Industry established for the Tobolsk Petrochemical Combine a normative of deductions into the collective's social development fund at the rate of 89.9 percent of the profit for this year and 19.1 percent for 1990. Naturally, discrepancies arose between the amounts of funds formed according to normatives and the combine's needs.

Thus, the relationship between economic incentive funds and the final results of work of labor collectives is disrupted. The absolute sums of incentive funds approved from above often do not correspond to the level of capital-forming indicators attained by an enterprise. As a result, highly profitable enterprises transfer up to 75-90 percent of their profit to the budget and only its negligible part remains at their disposal. At low-profitability enterprises the reverse happens: The share of the profit remaining at their disposal is excessively high. The situation again is the same as before: The load is placed on those that carry. Under these conditions enterprise collectives concentrate their attention not on the essence of the normative method of economic incentives, but on percent correlations of deductions set by normatives.

A year and a half has passed from the time when the USSR Law on the State Enterprise (Association) was put into effect. The new conditions of management

immediately had an effect on the activity of labor collectives. "Workers' initiative and enterprise are increasing," it was noted at the meeting of the Politburo of the CPSU Central Committee on 3 March of the current year, which discussed the problems of enterprise work after the entry of this law into force.

At the same time, it was stressed at the meeting that the aims of the June (1987) Plenum of the CPSU Central Committee for a rise in the role of enterprises in planning were not yet realized. Many ministries were unable to restructure the style and methods of their work and did not provide proper practical assistance to enterprises in work under the new conditions and for the introduction of intraproduction cost accounting by them. In our opinion, the underestimate of the role of economic normatives was also reflected in this.

Two extremes are observed in practice. On the one hand, various payments, which enterprises make in favor of the budget according to economic normatives, are raised to the rank of a tax. On the other hand, economic normatives are equated with calculated indicators lowered "from above" and with the utilization of a bureaucratic procedure set up a long time ago. Thereby, a uniform legal essence and nature of the entire system of economic normatives is ignored. Various managerial instances, proceeding from their departmental interests, introduce disarray into an integrated system of interaction of economic normatives, often undermining it and violating and emasculating the rights of enterprises.

However, the normative basis for regulating the activity of enterprises demands from practical workers the mastering of the fine mechanism of managing it. Without going deeply into the essence of this mechanism and without mastering it, one cannot even think about a transition to full cost accounting.

We would like to mention that in accordance with the Law on the Enterprise the part of the enterprise's profit assigned to the budget, to banks, and to a superior body is used by it to fulfill its own obligations. The other part is placed at its full disposal. The fact that all property relations arising in the process of such a disposal are of a two-sided nature and are regulated in the process of interaction of the ministry (department) and the enterprise, not of a one-sided management "from above," is the common feature of an incomplete and complete disposal of all profit (income).

Of course, the nature of legal regulation of the process involved in the development and establishment of economic normatives also changes depending on the sources of profit (income) formation. As is well known, the following pertain to its basic sources: 1) profit (income) received as a result of the enterprise's production and other activity; 2) profit received from the utilization of productive capital and labor and natural resources; 3) profit received by the enterprise as a result of economically unsubstantiated prices, sanctions, rates, and so

forth; 4) proceeds and rent from the transfer, sale, exchange, and so forth of buildings, installations, equipment, and other unutilized property. Accordingly, the legal regime of withdrawal and redistribution of the enterprise profit (income) is established on the basis of economic norms unified in their nature, but in different legal forms: deductions, payments, payment of interest on credit, and so forth.

However, an economic norm is not a tax. A tax is an obligatory impost, a payment levied by the state. Such criteria as a strictly legal obligation, an efficiently planned amount and period of payment, and responsibility for their violation are characteristic of it. In contrast to a tax the economic norm consolidates the correlation and proportions in profit (income) distribution, ensuring a correct combination of state, collective, and personal interests. Such norms should give rise to mutual material interest.

Before financial bodies reported to the budget and now enterprises report to it. The amount of deductions in favor of the budget is not established in advance, but depends on the plan realization. Norms are derived from the annual plan (from calculated profit). Therefore, payments in favor of the budget are not of a purely administrative nature.

Article 17 of the Law on the Enterprise, in particular, states the following: "Norms of profit (income) distribution between the enterprise and the budget should ensure equally stepped up state requirements for the utilization of productive capital and labor and natural resources by enterprises." In its economic nature the payment for labor resources makes up for state expenditures on the preparation of manpower and social-cultural and municipal-domestic services for workers and their family members. As stated in the Law on the Enterprise, a differential rent arising owing to the differences in the natural productivity of these resources is withdrawn through the payment for natural resources.

In contrast to taxes calculated on the basis of the already received profit (income) economic norms are formed as initial data for the formation of the five-year plan. They appear as incentives for the development of alternative and stepped-up assignments. Since economic norms are given in the structure of control figures, they are also of the nature of recommendation. Unified in their essence, at the same time, they can be differentiated and take regional characteristics into consideration. Being the result of coordination of various interests, they contain and synthesize various requirements (state and enterprise interests).

The Law on the Enterprise does not envisage a specific mechanism of development and approval of norms, indicating that they "are established" (paragraph 3, article 10). But by whom and in accordance with what procedure are they established? This is not stated in the law, which gives an opportunity for various kinds of

interpretations. For example, STROITELNAYA GAZETA dated 13 March 1988 in the material "Norms—A Strict Instrument" presents a commentary by the chief of the Department for Improvement in the Economic Mechanism of Gosstroy SSSR [the USSR State Committee for Construction Affairs] on the Standard Statute on Normative Income Distribution for 1988-1990, which states the following: "Profit or income distribution is regulated by a system of economic norms, which are established by superior organizations and are mandatory." As we see, in this case the right to establish norms is granted to Gosstroy SSSR without a preliminary discussion and coordination of norms with labor collectives of construction enterprises and organizations.

The amount of the norm (its fundamentally new stimulating essence lies in this) is envisaged in the form of a preset percent of deductions with respect to the main fund-forming indicator, that is, profit, which simplifies calculations significantly, encourages the enterprise to increase its total volume, and makes the amount of (wage and economic incentive) funds directly dependent on the results of a labor collective's work.

The established economic norms are not subject to change and reconfirmation. In case the assignments of the five-year plan are corrected, they are not changed and are presented to enterprises in advance, before the development of five-year plans by them. Knowing the magnitude of the norm, every enterprise can foresee in advance, on the basis of an analysis of economic processes, changes in the amounts of economic incentive funds and independently plan them depending on the magnitude of the basic fund-forming indicator—profit. The form of the norm—percent—makes it possible to use it as a uniform norm for all the sector's enterprises. Thus, a possibility for a reliable and stable source of deductions and formation of incentive funds is created.

The same economic norm uniform for all the sector's enterprises reduces the possibility for wage leveling. The point is that every enterprise has its own amount of profit. The higher it is, the bigger the absolute amount of funds per unit of the norm. In this case advanced enterprises are in a better situation than lagging ones. At the same time, the uniform norm easily lends itself to differentiation depending on regional characteristics.

Scientifically substantiated economic norms are not an alternative to centralized management. The priority of state interest is ensured through them. At the all-Union level the USSR Gosplan in coordination with the AUCCTU approves for ministries and departments planned calculated sums of incentive funds and fund-forming indicators and norms. Ministries and departments in coordination with sectorial central trade-union committees approve specific norms for the formation of economic incentive funds, deductions from profit in favor of the budget, and so forth for their

enterprises and organizations. Normatives are worked out on the basis of preliminary calculations for the national economy as a whole and guide enterprises toward the realization of planned goals and proportions and observance of general state interests.

Last December the Commission for Improving Management, Planning, and the Economic Mechanism approved standard statutes on the formation of economic incentive funds at enterprises transferred to full cost accounting and self-financing. Documents give detailed examples of calculations of normatives. This, of course, is necessary, but not a word is said about the legal mechanism of development, coordination, and approval of normatives, guarantees of their observance, and the procedure of appeal in case of a violation of the rights stipulated by the Law on the Enterprise.

As yet there is no general procedure for the development of economic normatives. Their formation on the basis of an already approved five-year plan (with its disproportions in absolute sums of economic incentive funds) has led to the fact that the norms of deductions in favor of the budget at enterprises of the USSR Ministry of Construction, Road, and Municipal Machine Building, for example, vary from 1 to 49 percent for the 1988-1990 period and into the fund for the development of production, science, and technology, from 21.4 to 82.6 percent. The same is at the USSR Ministry of Tractor and Agricultural Machine Building. Here the normative for the formation of the social development fund ranges from 0.23 to 88.2 percent, of the material incentive fund, from 1.43 to 99.77 percent, and of the fund for the development of production, science, and technology, from 0.9 to 95.91 percent. Thus, as we see, ministries "established" differently stepped-up requirements on their enterprises in normatives.

The reliability and profitability of enterprise work often served as a criterion for selecting enterprises, for which higher normatives of deductions for the ministry were established. This ensured a highly stable formation of the centralized funds and reserves of the department itself. For example, the USSR Ministry of Railways established normatives, in accordance with which the growth of profit throughout the sector in 1990 should comprise 41 percent as compared with 1987. At the same time, payments in favor of the budget increased 2.1-fold, but the profit remaining at enterprises, by only 13.7 and the capital of social development funds, by 12 percent.

Often normatives are formed so that the rates of profit growth at enterprises may outstrip the growth of their incentive funds significantly. For example, at the Groznetorgsintez Production Association with a 32 percent growth of profit in 1987-1990 material incentive and social development funds are to be increased by only 1 percent.

The following tendency also appeared: growth of deductions from profit in favor of the budget and superior

bodies through the establishment of too high normatives. For example, at the enterprises of the USSR Ministry of the Timber, Pulp and Paper, and Wood Processing Industry in 1990 profit should be increased by 11.1 percent and deductions from it in favor of the budget, by 26.5 percent, but the profit left for the formation of material incentive funds for the labor collective, by only 7.2 percent.

Ministries are called upon not to manipulate normatives, but to determine their upper and lower limits. Practice shows that, when the economic normative is cut off from the value basis, it ceases to act as an incentive. Where this threshold is crossed, the administrative lever—tax, the reverse of the economic normative—comes into "play."

The return of the economic system to the ability to develop on the basis of full cost accounting and self-management is the in-depth meaning of the economic normative. The financial well-being of enterprises is determined by the conscientious labor of their collectives, not by the dictate of a superior instance.

In this connection it is important to eliminate factors artificially lowering the amount of profit (income) of a given enterprise and its labor collective—the imperfection of wholesale prices, various kinds of taxes, deductions, and so forth. This will create equal conditions of management and the obtained result, indeed, will be an indicator of the collective's labor contribution to the common cause. Systems of price formation, taxes, deductions, and so forth should be utilized not for a redistribution of the obtained income among enterprises, but for a distribution inside a given enterprise and between it and a superior body, the budget, and the bank on the basis of scientifically substantiated long-term economic normatives.

Now, however, the apparatus of ministries and departments, as we see, has appropriated for itself the right to develop and establish economic normatives. However, since in accordance with the Law on the Enterprise long-term economic normatives are to ensure a close coordination between general state interests and the interests of enterprises, the latter should also receive the right to participate in their development, as well as the right to protect their interests, if normatives are established arbitrarily and are changed from above to the detriment of the interests of the enterprise collective.

As M. S. Gorbachev, general secretary of the Central Committee of our party stressed in his speech at the February (1988) Plenum of the CPSU Central Committee, "it is necessary to act, not permitting the slightest deviation from what is recorded in it," that is, in the Law on the Enterprise. And further: "Many economic cadres... slowly join in the work on mastering new methods of management... Possibly, this is due to the fact that in a number of cases not everything is satisfactory with economic normatives."

To strengthen the legal guarantees of enterprises in the realization of their rights for the utilization of normatives, it is advisable, it seems, to develop a special normative act envisaging an efficient legal mechanism of preparation, coordination, approval, control, and responsibility for the execution of economic normatives.

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### History of USSR Industrialization Reexamined

18200053 [Editorial Report] Moscow PRAVDA in Russian for 21 October 1988 carries on page 3 a 4800-word article entitled "Industrialization of the USSR: Choice of a Path." For his material, PRAVDA correspondent A. Ilin spoke with the leading scientific associate of the USSR Academy of Sciences' USSR History Institute and Doctor of Historical Sciences V.S. Lelchuk and senior scientific associate of the CPSU Central Committee's Institute of Marxism-Leninism L.P. Kosheleva. The article was prepared jointly with the Institute of Marxism-Leninism and edited by Academician G.L. Smirnov.

This article covers the history of industrialization in the USSR, starting with Lenin's GOELRO [State Commission for the Electrification of Russia] program of 1920 up to the first five-year plan [1928/29-1932/33]. Attention is devoted to the 14th CPSU Conference of December 1925 and its aftermath. It was at this conference that the general party line on industrialization of the country was adopted. The article notes, however, that "neither Stalin, nor Bukharin, nor any of their allies had a firm plan for the economic transformation of the country." Controversy arose between those like Trotsky, who favored rapid all-out industrialization, and the majority, including Stalin, who proposed moderate rates of growth. "Knowing how events turned out in the future, when Stalin would insist on maximum rates of industrialization at any price, it is difficult to believe that in 1926 he said such a thing [about moderate rates]."

At the 15th CPSU Party Congress (December 1927) a directive for creating a five-year plan was issued. It called for balanced development, maintaining the proper ratio between accumulation and consumption and between industry and agriculture. The congress also proposed an "optimal version" for resolving the growth rate issue. In practice, however, the situation was completely different. "Stalin's struggle for personal leadership, for confirmation of his point of view as the only correct one, hindered the creative labor of the party and administrative apparatus...at the same time the bureaucratic administrative system was formed and became rigid."

Gosplan Chairman G.M. Krzhizhanovskiy was given the task of drafting the first five-year plan. He saw the process of industrialization as "embracing all sectors of

the economy" and lasting a long time. The All-Union Council of People's Commissars [VSNKh] differed, and saw industrialization developing by "producing the means of production." Up until 1928, industrial indicators were very good, largely due to the continued activity of the NEP. But 1928 also saw the introduction of "extraordinary measures in the sphere of agriculture." Despite harvest difficulties, there was no reorientation of priorities or slackening in the tempo of industrialization. The November 1928 Plenum of the Central Committee of the Russian Communist Party (Bolsheviks) further confirmed this approach.

A 5300-word second article covering the first five-year plans is carried on page 6 of PRAVDA for 28 October 1988.

The article states that the first year of the first five-year plan, for the years 1928/29-1932/33 achieved good results. Unlike the plans which followed, this plan was based on principles of the NEP. In addition, "despite pressure from Stalin the authors [of the plan] succeeded in achieving a balance of industry and agriculture." Despite the difficulties of 1928-29, including bread rationing, unemployment and low wages, "the majority of the working class trusted the party and supported the course toward accelerated industrialization."

At the 1933 plenum Stalin reported that the five-year plan targets had been fulfilled. However, economists of the time could not agree with his assertion that the USSR had turned from an agrarian country to an industrial one during that five-year period. Stalin's "manipulation of numbers hindered the party and the people in objectively evaluating the situation." The poor showings in 1931-33, in which industrial growth rates fell drastically, proved the failure of Stalin's policy of "pushing forward" [podkhlestyvaniye].

While pushing forward with rapid industrialization, Stalin began the liquidation of the NEP. Banks and enterprises were shut down and credit limited. There was talk of getting rid of money altogether and reducing trade to a barter system. State control over every facet of economic life was introduced, described as "rigid centralization, a command style of economic administration, and the urge to achieve its goals at any price." Although some expressed the opinion that this command-administrative style was needed at that time to cope with the huge problems the country faced, the article states that it could have only a temporary effect. "In the final account, such methods—and all subsequent experience proves this—unavoidably lead to economic stagnation and bureaucratic dominance, with which the party and people have to struggle even now."

The article goes on to discuss the Second Five-Year Plan (1933-1937). Its targets were somewhat more realistic but industrial goods still had priority over public welfare. This was the era of building the Magnitogorsk Metallurgical Combine, which became "one of the brightest

symbols of the heroism of industrialization." The Stakhanovite movement also arose during this period. The most outstanding results of this plan in implementing industrialization were overcoming the USSR's backwardness and achieving its economic independence.

"It is sad to realize that Stalin cruelly deceived those who supported him and who followed him....It is not the fault of those courageous and heroic people that plans were not realistic, and that not all the frontiers were seized. They accomplished the main thing—they brought the Soviet Union into the ranks of the leading world powers and with their own selfless labor created a firm basis for its industrial and armed might."

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## REGIONAL DEVELOPMENT

### Economists Discuss Prospects, Problems of Regional Khozraschet

18200004 Moscow SOVETSKAYA KULTURA in Russian 23 Aug 88 p 3

[Articles by B. Shtulberg, doctor of economic sciences, Moscow, and by E. Savisaar, candidate of philosophical sciences, and I. Rayg, candidate of economic sciences, Tallinn: "The Region on Cost Accounting"]

[Text] Almost one out of every three delegates taking the floor at the 19th party conference touched upon the question of cost accounting of the region, self-financing, the formation of local budgets, and other matters which 2 or 3 years ago one could have read about only in certain writings of regional economists. It is being felt, it has become painful.

#### [B. Shtulberg]

In Estonia and other Baltic republics the question of the transition to "regional cost accounting (khozraschet)" is being discussed in all periodicals and at all levels of administrations. Other regions in the country are also being drawn more and more into this discussion. Which is understandable: the strengthening of enterprise independence and conversion of enterprises to cost accounting have created not only the general prerequisite, but also the realistic conditions for changing economic relations within the region.

Before adoption of the Law on the State Enterprise both construction of production facilities and social construction in each oblast and each city were determined to a considerable extent (and for many oblasts of RSFSR—to a greater extent) by union ministries, which even if they wanted to (which they did not) could not have taken into account the needs of all the republics, krays, and oblasts. Under the new conditions a sizable portion of resources has been removed from the jurisdiction of ministries and

remains in the region, which creates prerequisites for giving soviets of people's deputies a more active role in managing economic and social development.

The course of sharply increasing the power of soviets and government bodies bearing full responsibility for economic activity in their jurisdiction requires that a solid economic foundation be placed under that power, that local budgets be bolstered, and that economic relations of local soviets with the republic level of administration and with cost-accounting enterprises be defined straightforwardly. In other words, the success which the updated soviets have in economic construction will depend to a considerable degree on how the economic mechanism for conduct of economic activity is shaped at the local level.

Take, say, the problems of environmental protection or development of the sphere of services to the public, creation of recreation areas or the preservation and restoration of cultural and historical monuments. They are no business, as we say, of the government department, but they concern in full measure the inhabitants of the union republic, autonomous republic, oblast, or city. If they have the real power and the resources, local soviets might solve these problems far more effectively. But a regional economic mechanism has to be set up for this purpose.

There have been two approaches in evidence here. The nucleus of the first of them is the model of the "full cost accounting of the region," which has been most highly developed in the proposals of a number of union republics. In this case, the republic's full responsibility is being proposed for the entire economy located in its jurisdiction. All accounts with the union budget, administration of all economic and social development, including foreign economic activity, are handled by the republic itself. To be sure, this model of regional cost accounting, it seems to me, contradicts somewhat the independence and cost accounting of enterprises. Instead of the dictate of ministries, there might be the dictate of the republics. Another reason why "full cost accounting" cannot be implemented in the region is the vagueness about what kind of economic responsibility for the results of economic activity it—the region—will bear. As a matter of fact, an enterprise performing poorly can be modernized, turned over to a cooperative, and ultimately closed down. But what is to be done with an unprofitable republic or oblast? Implementation of this version of cost accounting could result in disruptions of interrepublic relations and greater differences in standard of living and services to the public between the republics (oblasts) that have a strong economy and those regions which do not have an economic complex that has been built up.

The second and sounder approach to shaping the new regional economic mechanism consists of defining clearly the sphere of economic responsibility of soviets of people's deputies (at the same time precluding collisions

with the Law on the State Enterprise) and guaranteeing performance of these economic functions on the basis of economic methods of management.

The soviets are expected to do many things. To plan economic and social development within their jurisdiction. To dispose of resources. To manage directly enterprises serving the needs of the public. To have an impact on the performance of other enterprises and organizations through economic levers and incentives. The principles of cost accounting may be used here to guarantee the self-financing of the social infrastructure. Today, all local budgets are being subsidized, and their size is rigidly regulated by the planned size of expenditures and does not depend at all on the efficiency of the region's economy. And the mechanism for providing revenues to budgets is so structured that first a sizable portion of the income of enterprises located in the region is drained off into the union budget, and then returned in the form of a subsidy to cover the necessary expenditures. The problem is to link the financing of local budgets to economic results, envisaging at the same time not only elimination of subsidies from the union or republic budget, but also the possibility of increasing the role of enterprise income as a source of financing for local budgets. According to calculations, the share of revenues from enterprise deductions in the budget must be increased 2-3-fold and reach 30-35 percent. In addition to these deductions from the profit of enterprises, the turnover tax, personal income taxes, charges for resources, etc., also go into the budget.

There is another important innovation: a portion of revenues are collected at rates which remain in effect for a long period of time and which are to be established for all enterprises, including those under union jurisdiction. And if a rise in production efficiency causes more resources to flow into the budget than had been anticipated, they will not be confiscated, as is the present practice, but will remain at the disposition of the local soviet.

It would all seem to be reasonable. But questions arise immediately. How is the general rate of deductions to be established, for example, for different regions? What is the role of the various types of deductions from enterprise profit—charges for labor resources, for land, for water resources, the tax on profit—in financing local budgets? The point is that when the rate of the deductions is the same, those oblasts where the major economic potential is concentrated and where larger per capita profit is produced will gain, and differences from oblast to oblast with respect to this indicator run as much as fivefold or more. So that capabilities will be manifestly unequal at the outset, and this will result in a sharp lag in the social development of oblasts that do not possess an effective economic complex.

Which means that the rates of the deductions paid into local budgets should be differentiated without on the one hand putting downward pressure on enterprise income and without violating the principles of social justice and social mutual assistance on the other.

Regional cost accounting does not come down to a mere reform of the budget system. The conversion must first be made to cost accounting of those branches under republic and local jurisdiction: trade and food service industry, consumer services, agroindustry-agrotransport, and so on. The enterprises of light industry, the building materials industry, the woodworking industry, and other branches of industry meeting the needs of the local economy and population need to be transferred to jurisdiction of republics and soviets of people's deputies, which will increase deductions paid into the local budget and will create additional opportunities for the economic and social development of the region.

The Law on the State Enterprise and expansion of the economic jurisdiction of soviets of people's deputies make it possible to develop more broadly the new forms of economic relations in the region: intersector associations, contracts between soviets and enterprises, earmarked funds outside the budget built up from voluntary contributions of enterprises, and the drafting and performance of local programs for development of the infrastructure or environmental protection based on shared participation and funds obtained from individuals.

But it must be remembered that for historical reasons and because of economic and natural and climatic conditions some regions will not be able to guarantee the necessary level of development of the social infrastructure even if they use the entire arsenal provided by the new economic mechanism. In many oblasts of Siberia and the Far East, say, per capita costs of full-range development (obustroystvo) are 2-2.5-fold greater than in the European zone. The industrial potential is just now being shaped there, and at present it is not possible to put a greater load on the budget. Experience shows that without additional economic incentives development of industry in the oblasts of Eastern Siberia and the Far East has been going considerably slower than is required. That is why it is advisable to form a regional investment fund and to provide preferential bank credits to stimulate development of these regions.

In general, in addition to the shaping of the new economic mechanism at the republic, oblast, city, and rayon levels, statewide resources should also be built up to regulate regional development, guaranteeing redistribution of resources among regions to the extent necessary, in order to safeguard the interests of the state in matters of the location of the productive forces and so as to prevent an excessive gap in the standard of living of the population from one region to another.

[E. Savisaar and I. Rayg]

The need to open up broad room for local capabilities and initiatives in all union republics is now being felt very acutely. Estonia is no exception. In the search for a practical solution to this problem, the idea arose of republic cost accounting. It seems to us that it is this that

is capable of creating the economic basis for an organic combination of the independence of the national structures with their responsibility for the all-union interests of the state.

The essence of the idea comes down to three basic points.

First, guaranteeing at the republic level full correspondence between expenditures and income, moreover in such a way that the personal income and purchasing power of the republic's population would depend entirely on the demand on the all-union and world market for goods produced in the republic.

Second, full responsibility for economic development within the republic. This presupposes full transfer of almost the entire economic potential (except the military-strategic potential) to jurisdiction of republic authorities. In relations with the union budget the republic would figure as a single entity; it would contribute a portion of the national income it has created to the all-union fund on the basis of long-term rates set by the USSR Supreme Soviet. But the questions of how it would support the creation and continuous growth of the national income and how it would use the portion of national income remaining at its disposition would be decided by the supreme soviet of the union republic in question.

In every region there are highly profitable enterprises which have built up in their bank accounts tens and even hundreds of millions of rubles, but various prescriptions do not allow them to use those millions purposefully. Nor is it possible to "put into circulation" the balances of personal savings accounts. The money is there, but it is lying there idle—what could be more absurd!

Third, it is assumed that the independence obtained by every republic would help it to reveal to the greatest extent those advantages related to its peculiar geographic position, resource potential, historical experience, and its national traditions and culture. As for Estonia in particular, it would be able to take part in the all-union division of labor primarily by increasing the inflow of foreign exchange by invigorating exporting segments of its economy, by becoming one of the country's first regions to go on the international market as a unified entity. It is quite obvious that today, in the context of restructuring, there is an extreme need for that kind of experiment. Equally obvious are the many constructive political results it would have: for example, for development of good neighborly relations with the countries of northern Europe. Later, the experience we gain would be very welcome in the process of drawing the USSR economy into the system of the international division of labor and the great diversity of economic relations based on it.

It is important to note that practically all the elements comprising the essence of regional cost accounting have already been tried out in one way or another (and, according to our data, in many cases successfully) in the

economic practice of some socialist countries: Hungary, China, Bulgaria, and Yugoslavia.

The indispensable need for the regional approach to the economy arises from many considerations. We will dwell on only one of the most important.

The human factor is becoming more important in economic development. Man is the basic productive force, the most important figure in any production operation. He may work in the system of any central department. But he must live in a particular region! That is where his house is, the kindergarten and the school where his children go, this is where he has his rest and recreation and where he recoups his energies. But, as has become obvious in the recent past, not a single enterprise or even department can provide its personnel everything necessary under present-day conditions. And what about the training of personnel and the reproduction of labor resources? And the proportional development of the social infrastructure? And adherence to social justice in the standard of living of the population and satisfaction of its needs? All of this can be planned and developed comprehensively, if the entire region as a whole is merely kept in the field of vision.

Republic cost accounting makes it possible to mobilize all the sources of internal activity and self-development of a socialist society, not just some of them. This cannot be achieved within the limits of the present administrative-departmental structure.

In the history of the Soviet economy's development experience has been gained both in predominantly sectoral and also predominantly regional administration. But the generalization and study of that experience has up to now been quite inadequate. It is evident that under certain conditions of economic activity each of the two types of management may display its strong points. For example, in our republic the experiment in setting up the sovnarkhozes, however halfway and incomplete it may have been, yielded perceptible favorable results. The 1965 economic reform reestablished sectoral management. It was assumed that the system of sectoral and branch ministries could most optimally support the development of scientific-technical progress. But experience over 20 years has demonstrated the opposite. It is the departmental structure that has been the real brake on the scientific-technical revolution and one of the essential elements in the mechanism that has been holding back social development in the country as a whole.

The course adopted by the 27th CPSU Congress of strengthening the role of the region in socioeconomic development has already made itself evident in many aspects of the life of the republics. In Estonia, for example, we have made the transition to a new system of remuneration on a regional basis. Beginning in 1988, cost accounting levers began to be used more extensively in the agroindustrial complex. Steps are being taken to increase the role of regional bodies of government and

administrative agencies in dealing with problems of social development. It might be said that we have already come right up to the idea of complete and consistent regional cost accounting.

Estonian SSR occupies 0.2 percent of the area of the Soviet Union, its population represents 0.55 percent of the country's population, while its role in the all-union economy exceeds the limits of those proportions. In recent years the share of ESSR has been about 0.7 percent of the gross social product and national income produced, 0.7-0.8 percent of industrial output, and 0.8-0.9 percent of the agricultural output of the entire country. But both computations and observations demonstrate that the republic's economic potential has not been fully revealed by any means. In the context of full cost accounting it would be easier to resolve many problems in the republic that have become painfully aggravated, all the way from irresponsible and antieconomic activity, the irrational structure of the economy, and the declining work standard to other ethnic and social problems. Unless there are radical changes in management at the regional level, cost accounting in enterprises will not solve these problems; on the contrary, it could generate new contradictions between enterprises obtaining considerable independence and the regions in which they are located.

We will give several examples.

All-union giants engaged in mining minerals operate within the republic. Each is pursuing its own narrowly departmental interests. Comprehensive use of natural resources has to be achieved. The land has to be returned to cultivation. But at present the republic has very limited opportunities to intervene in this operation and in some way to coordinate it. Local authorities do not have the right to redistribute capital investments, fixed capital, and other material resources even to create intersector complexes utilizing waste products.

The structure of the ESSR economy is in need of essential changes. There is an unjustifiably high share of heavy industry operating exclusively with raw materials and manpower brought in from outside and shipping the finished product out. This system of economic activity is harmful not only to the republic, but indeed to the entire state—just think of the shipping costs involved! So, science-intensive sectors of the economy requiring skilled manpower should be developed in ESSR to a considerably greater extent than up to now.

Material resources are limited, spiritual resources are practically unlimited. Regional cost accounting needs to imply and develop the entire available potential of intelligence, culture, education, and enterprise.

Of course, there is much that is unclear and that has not been fully worked on in the problem area of republic cost accounting. Which is not surprising—after all, during the period of the stagnation this line of scientific exploration was blocked off to the same extent as the study of

self-employment, the forms of socialist cooperation, and problems of ownership in general.

We will not conceal the fact that the idea of regional cost accounting has been giving rise to heated disputes in the republic. Restructuring, not to mention a radical reform of the local economy, entails certain changes and reassignment of supervisory personnel in the middle and upper levels. It seems to be a tragedy to those who know only how to command to lose their management position and the privileges to which it "entitles" one. It is not unexpected, then, that an extremely adverse position is taken toward cost accounting by precisely those highly placed bureaucrats for whom the position they occupy is the same as a patent on competence. But at this juncture they are not in the majority.

A temporary scientific collective to study the problem of regional management and which has about 30 members has already been created in the Economics Institute of the republic's academy of sciences. What is more, 20 specialists have been enlisted from other institutions, including union-level scientific centers. Special groups are working on a voluntary basis in Tartu State University, the firm "Maynor" of the ESSR Ministry of Light Industry, and elsewhere. A preliminary version of the conception of republic cost accounting will presumably be available quite soon. These conclusions will be made public.

Should we be afraid of some part of the territory of the USSR making the conversion to different economic conditions ahead of others? It would seem not. There will be nothing bad if there are republics that streak out ahead in their development. After all, we have already come to understand that the unity of Soviet society is not manifested in monotonous unidimensionality. On the contrary, its essence lies in the multifarious diversity and complementarity. If we sharply criticize leveling at the level of individual collectives and even individual workers, then is it not clear that it is just as pernicious at the level of relations among the republics?

A state is strong when all its constituent parts are strong; and the part is strong when it gains the right to be strong. Only then is there a gain for both the part and the whole.

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## RESOURCE UTILIZATION, SUPPLY

### Electrotechnical Industry Official on Reducing Metal Expenditure

18200001a Moscow SOVETSKAYA ROSSIYA in Russian 10 Sep 88 p 2

[Interview with Yu. Nikitin, deputy minister of the USSR Electrical Equipment Industry by G. Podlesskikh]

[Text] At the 19th All-Union Party Conference they discussed the fact that the cost mechanism continues to

be in effect in the national economy and evidence of this is the failure to fulfill the plans for resource savings. A special place is allotted to efficient utilization of metal. For further increase in its production requires immense capital investment (2 million rubles per million tons of rolled metal) as well as material and human resources. This is why one of the most important factors determining the effectiveness of our economy is the reduction of the metal-intensiveness of the national income. What is being done about this in the USSR Ministry of the Electrical Equipment Industry? Our correspondent's questions are answered by the USSR deputy minister of the electrical equipment industry, Yu. Mikitin.

[Question] Yuriy Alekseyevich, during the past 2 years industry has overexpended metal by an immense amount. Such was the result of the previous cost approaches and unjustified demands of leaders of enterprises and ministries who required additional resources. But what is the situation in your branch? What has changed with the changeover to cost accounting and self-financing?

[Answer] Beginning in the 1980's we decided to increase the output of products with the same amount of metal consumption. And we have been keeping our word for 8 years now. During this time the volume of production has increased by a factor of more than 1.5 while metal consumption has remained practically the same. As concerns cost accounting and self-financing, they have already produced appreciable changes with respect to resources. While previously the reduction of the proportional expenditure of metal amounted to an average of 3-4 percent, this year the indicator should at least double. This is being achieved partially as a result of introducing payments for production capital and also through normative for the formation of economic incentive funds. As a result, during the first 6 months material expenditures per 1 ruble of commodity output decreased by 2.6 percent as compared to the corresponding period of last year while at the same time there was a general reduction of production cost by 1.75 percent.

It is appropriate to note that the more effective system directed toward resource saving was provided by the second model of cost accounting whereby the income of the enterprise is formed after covering expenditures. This model makes it possible to a greater degree for the collectives to experience the results of their labor for economizing on material resources through its link to the wage funds. If the enterprise is working according to the first model, whereby the wage fund is formed according to the normative in terms of the net output, have reduced material expenditures by 2.34 percent in a half-year, for enterprises that changed over to the second model of cost accounting this indicator reached 3.82 percent.

It would seem that we should be satisfied. Indeed, during the past 2 years enterprises of our branch as a whole have overfulfilled the assignments for reducing the proportional expenditure of metal. But the overfulfillment was

extremely insignificant and we really do not have a right to be proud of this success. Of the ferrous metals consumed by our branch 892,000 tons annually go to waste. With this kind of extravagance, of course, it is difficult to make both ends meet. It is not surprising that during the first half-year largely because of this reason 141 of our enterprises did not fulfill the profit plan.

[Question] And what explains this inefficiency? Can one say that today not only labor collectives but also each worker of the branch is really interested in expending metal efficiently?

[Answer] No, we are still a long way from that. What kind of material interest is there when according to the results of the year, for the same extravagance they paid an average of 2 rubles 30 kopecks per worker? There is a critical shortage of necessary means of control and accounting, there are not enough methodological recommendations capable of increasing the effectiveness of brigade cost accounting, and the rental contract is still very poorly developed. Therefore the material incentive does not go all the way to the work place. And it is also obvious in many financial workers and managers on whom the calculation of the bonuses depends that there is still an element of a kind of plyushkin. Finally, resource saving still is not receiving enough attention in scientific organizations and design bureaus.

[Question] It is known that the greatest reduction of material-intensiveness is achieved with an updating of the products....

[Answer] Yes, this is true. But so far there is nothing to be proud of here. Last year, while the plan was for 8.5 percent, the percentage of updating of output amounted to 6.9 percent. The situation is not much better known. I am not complaining when I say: it is difficult to achieve a radical improvement in product quality and at the same time in increasing volumes "chase" after quantity. And it would be good if the growth of production rates were dictated by the real needs. But this is not so. Here is just one typical example. The service life of transporters for removing manure from the farms is 2 years. They are put into operation by electric motors whose service life is 10 years. Actually we are covering the real need five-fold. And we produce fewer electric motors for domestic needs (refrigerators, washing machines, coffee makers and so forth) than the United States by a factor of 5. Production capacities are occupied and there is not enough metal. It would seem that for state enterprises, including the Gosagroprom, it is necessary to introduce a provision: if you want to get new products from us, give us your old ones. These same electric motors, if they had really broken down, could be restored and continue to operate. Otherwise we will never save any metal.

[Question] Why go so far for examples? There is just as much extravagance at enterprises of your branch. The coefficient of utilization of cold rolled isotrope Dinamo steel, for example, is only 0.56. In other words, only 560 kg out of every ton are used.

[Answer] With the products for which this steel is used the coefficient cannot be any higher. It is the same throughout the world. Perhaps in the future, when scientific and technical progress steps forward....

[Question] All right, but here we have today's level. Of a magnetic circuit the proportional mass of the transformers decreases by 20 percent. But enterprises of the Ministry of the Electrical Equipment Industry do not produce enough of these transformers. This leads to a significant overexpenditure of electrotechnical transformer steel. Incidentally, there is an immense demand for it in Bulgaria, Romania, and Hungary.

[Answer] It is difficult to object here. For 4 years we have been looking for a technology for producing magnetic circuits, and then we developed an entire complex of equipment for it. But it did not go any further. In 2 years we will have four of these complexes and we need five more in order to fully satisfy the needs of the national economy. If we do not take the necessary measures immediately, each year we will be losing 50,000 tons of electrical steel.

In general I must say that it is the fault of the contracting organizations that we are experiencing

very great difficulties in creating our own machine-building base. The plans have been interrupted. True, during the years of the current five-year plan we have managed to increase the output of special technological equipment by a factor of 2.5. But this is less than a third of what is needed. By 1990 it will be necessary to produce a billion rubles' worth of equipment. Otherwise there will be a marked reduction of the rates of introduction of resource-saving technologies.

[Question] Let us sum up. Can one say that such a decisive factor in improving the economy as resource saving is justifiably assumed to be remains unutilized as before?

[Answer] I would put it differently. We have not yet learned to take full advantage of all the factors of the new economic system so as to achieve a rapid final result in all areas of resource saving. Therefore we are radically restructuring the branch's technical policy and directing it primarily toward updating products, significantly increasing the service life of our equipment, and using principally new technologies in electrical equipment.

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## AGRO-ECONOMICS, POLICY, ORGANIZATION

### Voronezh Oblast Land Leasing Procedures Examined

18240106a Moscow PRAVDA in Russian 27 Jul 88 p 2

[Article by V. Stepnov (Voronezh Oblast): "Just To Be Leaders..."]

[Text] If one were to judge from the summaries that come in each week to the Voronezh Party Obkom and Oblagroprom, one might call the dissemination of the rental contract a victorious move. It has been assimilated by 1,400 collectives. The greatest successes have been achieved by the farms of Rossoshanskiy and Semilukskiy rayons, which have approximately 120 of these subdivisions each.

Is their experience worthy of dissemination? There is, according to the party obkom. For example, on the Kolkhoz imeni Marks in Semilukskiy Rayon. Here they have applied cost accounting for a long time. True, they are not achieving records, but their indicators, as a rule, are higher than the average for the oblast. The milk yield per cow has exceeded 3,500 kilograms, they do not allow the productivity of grain crops to drop below 28 quintals per hectare, and each year they receive a half-million rubles in net income. Now, in order to progress further, they have decided to assimilate rentals.

We went to the farm with the head economist, O. Lependin. We talked with the milkmaid A. Mezhevina. Anastasiya Stepanovna has been working in animal husbandry for 35 years. She obtains 4,150 kg of milk from one cow and is oriented toward cost accounting. But there is a simple question: "What has changed since the changeover to rental?"—this put her in a difficult position.

"Help, Oleg Grigoryevich," she turned to the economist.

With winning candor he answered that he himself could not see any differences: they had renamed the collective contract to the rental contract, and that was all. They have not transferred the land, premises, technical equipment, or livestock to the workers for a certain amount of pay. The interrelations between the kolkhoz and the subdivisions are arranged in the old way. The independence of the brigades and teams is minimal. And the kolkhoz has none. For instance, the farm cannot dispose of the products it produces. But what about the rights of the brigade.... The truck drivers who are supposed to have rented their trucks go out on their assignment wherever they are sent each morning. Nobody is interested in whether the trip is advantageous for them or not.

Does it turn out the desired is being passed off as the real?

"No," objects the chairman of the kolkhoz, G. Lependin, "we have prepared well for changing over to rental. All that was left was to change the name. There was a collective contract and it became a rental contract."

The head economist sitting across from him tactfully, but fairly firmly holds his own—there is no rental. One feels that this is not the first time they have discussed this subject. For the Lependins share more than the same name. The chairman Grigoriy Stepanovich is the father, and the head economist, Oleg Grigoryevich, is the son. They are close but they do not hold the same opinion regarding the understanding of a rental contract.

Many specialists do not have a clear idea of this today. Because the collective contract was being renamed a rental contract with unusual ease without essentially changing anything. Is this another campaign? It would seem that this is precisely the way some people have perceived this innovation.

Life has shown that the collective contract has somehow been adapted to the administrative system. The lessor, having control of the means of production, rejects arbitrary methods. With the "ordinary" contract cost accounting is only a good wish. Rental is unthinkable without it, it lies at the basis of the method. But much is still unclear here. Scholars of the Voronezh Agricultural Institute have not said much about the organization of the rental contract.

"Reality is outstripping the process of cognition," they evasively explained to me, "it is a new phenomenon in the economy and one that is not well-studied."

It would seem that this is not altogether true. The country has, as they say, accumulated a good deal of experience in the assimilation of the rental contract.

Of course, now time is required to overcome the psychological barrier.

In many people's understanding rental is associated with the capitalist mode of production. Certain managers are frightened—how will we control them (the renters)? In no way! The farms do not need tutelage. Give them the freedom of action and conditions whereby they can obtain feed and fertilizer, repair technical equipment and the confidence that their products will be sold.

So not everything in rental is clear and unambiguous. At least I know of only two collectives in Voronezh Oblast that have come closer to it than others.

Last year there was a rumor about farmers that appeared in Talovskiy Rayon. A home with all the conveniences, a dairy farm nearby, purebred cattle. And they are shoveling in the money. The truth was mixed up with imagination. But the address was given correctly: the Avangard Kolkhoz. Guests rushed here. They came to figure out and understand why yesterday's kolkhoz

workers have now begun to produce twice as much output. Many came simply to look. They stood on the sidelines, they looked, they asked numerous questions, and then they categorically concluded: they do not need to work—they live like nobility.

The "nobility" live in an ordinary two-story house. The main convenience is that it is only 50 steps from the door to the farm. They can come and go at any moment. Nobody is bound to his work place, which the women value especially. Their children are cared for and the house is not neglected. The work begins at 4 in the morning and ends at 11 in the evening.

There are 20 people on the farm. They are all family and relatives. Their ages range from 18 to 45. That is, everyone's experience and qualifications is different but they receive equal pay. They have no categories, rates, or other complications nor is there strict division of duties. They freely replace one another.

"As long as we do not consider who has done more, we shall live," the senior and most authoritative figure in the brigade, G. Rudenko, philosophically defines the essence of the family contract.

In the recent past Galina Lukyanovna was a party worker. She came to the farm at the suggestion of the raykom, which coincided fully with her desire. She does not consider herself to be a leader. She does not receive a brigade increment and milks as many cows as anyone else. But the management of the farm is on her shoulders. As we can see, the positions are confirmed by the practice of daily work.

Yes, people in the brigade work a great deal but they do not give the impression that they are worn out and exhausted. They have every fourth day off. In the evenings the young people manage to go to the movies and dances like everyone else or they will watch television and read newspapers and books. They all keep ducks and young pigs. The farm gives them the milk for their own consumption. An essential detail. There is no point in maintaining their own cows under these conditions.

It is not so much the profile of the people's work as their way of life that has changed. It has come as close as possible to the peasant way of life.

"Our people are able to work, they are not afraid of business as long as it is to their advantage and there is a point to it," said Galina Lukyanovna. "They are so tired of slovenliness, for the milkmaids spend more time traveling than they do working now. The farms are built farther from the village and they must be reached by bus. Since they have arrived there they have to stay until the end of the shift. And after the bell they do not have a minute to spare."

We discussed many things with her. She is an intelligent woman who has an excellent idea of the prospects of rental for rural areas but she does not wish to be a renter. Because she is not up to having complete independence. She could not buy a roll of linoleum without the help of the first secretary of the party raykom. Not to mention the fact that she could not obtain feed or sell milk by herself. Let the kolkhoz bear this heavy burden. They can have a family contract on a cost-accounting basis. And considerable results are achieved here.

Workers of another collective that is also renowned as a small farm repeated these views on rental almost word for word. We are speaking about a family brigade of course employed in fattening hogs. On the Aleksandrovs-koye interfarm enterprises the conditions for the labor and life of these people are almost exactly the same as those on the farm of the Avangard Kolkhoz. They also have a contract. When they become stronger and develop ties and arrange material and technical supply, perhaps, they too will risk becoming renters.

I wanted to meet with a real rental collective. I visited farms of Talovskiy, Ramonskiy, Khokholskiy, and Semilukskiy Rayon and did not discover any anywhere. The brigade, family, and individual contracts are another matter. In Verkhnekhevskiy Rayon they practice the so-called farmstead contract, where livestock taken from the farm are fattened at home. In Liskinskiy Rayon they have established a joint stock company and in Talovskiy they are creating a commercial-industrial association.

In a word, interesting forms of management have appeared. They deserve attention and support. Of course I must take into account and reveal their strong and weak sides. But, indeed, what need is there to rename a cost-accounting subdivision and call it a rental one and create the appearance of transformations which have not yet taken place.

Naturally, the quality of the grain or milk does not suffer at all from the name that is given to the organization of labor on the farm. This is hardly worth going into. But let us recall the times in which we live and how we are beginning to value the truth. The experience of past years has shown quite eloquently where market manipulation can lead. Covered with a layer of half-truths, it grows into a lie and casts its shadow over everything living. Sooner or later the favorable reports on the assimilation of rental will have to be confirmed in action. And when it turns out that it has no advantages over the collective contract there will inevitably arise doubts about its expediency. The idea will be discredited.

One should not look for an evil intention in the desire of managers to call their contracts rental contracts. This is apparently a kind of hypnosis of the moment. If experience has been approved, this means that one must immediately react and not fall behind. The essence is

frequently forgotten and form comes to the fore or one is left simply with reporting. One can see the effect of the custom of reporting and becoming one of the leaders in the wave of changes.

At meetings of the bureau of the Voronezh Party Obkom I have repeatedly had occasion to hear how it is necessary to pay attention to the development of the contract and rental, and how campaign-like operations and percentomania are inadmissible here. Instructions have been given to rayon leaders to personally handle the selection of personnel and seek out hard-working, orderly people who agree to take on the burden of new concerns. Searching in a new way will by no means develop into universal inclusion.

There is nothing you can say, these are reasonable words. Let them ring out more frequently and let them be sure to end up in deeds.

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**Gosagroprom Replies to Letters Addressing  
Production Results on Basis of Lease Relations**  
*18240115 Moscow SELSKAYA ZHIZN in Russian*  
*31 Aug 88 p 2*

[Article in which USSR Gosagroprom and VASKhNIL [All-Union Academy of Agricultural Sciences imeni V. I. Lenin] respond to questions from letters to the editor: "Leasing Within the APK [Agro-Industrial Complex] System. The Organization of Agricultural Production on the Basis of Lease Relations"]

[Text] Recently the editors of the newspapers SELSKAYA ZHIZN, SOVETSKAYA ROSSIYA and TRUD, USSR Agroprom and other organizations and departments have experienced an increase in the flow of letters in which village workers ask for more details about the principles of lease relations and express their desire to work on the lease basis. Nevertheless, as the authors of the letters write, their desire to work under the new conditions is not always met with understanding and sometimes they are faced with the lack of desire on the part of some directors of enterprises and specialists locally to enter into lease arrangements or to allocate land and technology and help such collectives to organize.

People desiring to work under lease arrangements often do not know how to start or what must be done in order to organize lease relations with the kolkhoz, sovkhoz or other agricultural enterprise.

The editors of the newspapers SELSKAYA ZHIZN, SOVETSKAYA ROSSIYA and TRUD have organized these letters according to subject and have asked USSR Gosagroprom and VASKhNIL to answer readers' questions.

These responses concerning lease relations will help us to more thoroughly understand the recently-published "Recommendations on the Organization of Lease Relations Within Agricultural Production," to detail some important problems and to show the practical aspects with a consideration of the experience that has already been gathered in various parts of the country.

[Question] What is a lease?

[Answer] Within the organization of labor in agricultural production in recent years various forms of contracts have been extensively disseminated: collective, family and individual. In the practice of using these progressive forms, cost-accounting lease relations are beginning to be more and more widely utilized as the next step in the regular development of contracts. Leases reflect the economic relations in which the lessee uses land and other fixed capital for a long period for a certain payment with the goal of significantly increasing production output and of effectively utilizing resources.

Leasing involves the rental of property, an agreement in which one party—the kolkhoz, sovkhoz or another land user—provides the other party—the lessee—with land and other means of production for long-term use for a specific payment. Working under conditions of complete economic independence and property responsibility the lessee becomes the genuine manager of the land and of other means of production and his private interests coincide more completely with the interests of society.

[Question] What are the legal and economic foundations for lease relations and what can be leased?

[Answer] The legal and economic foundations for using lease relations in the work of kolkhozes, sovkhozes and other enterprises of the agro-industrial complex are based on the USSR Law, "On the State Enterprise (Association)," "On Cooperation in the USSR," and the kolkhoz Model Regulations.

Agricultural and other lands, perennial stands, ponds and lakes, working and productive livestock, technology, equipment, buildings, structures and other fixed capital earmarked for production as well as non-production purposes can be leased. As a rule, rent for land and for other means of production is based on fixed rates per hectare of land with a consideration of its fertility at the time the land is transferred, per head of cattle, per production structure or per unit of technology. Rent is determined in a monetary, natural or mixed form. Rents can be determined in another way as well—as the difference between the prices that the enterprise pays for products procured from leasees and the prices for which it actually sells these products.

[Question] Who can become a lessee and under what conditions?

[Answer] Collectives of brigades, farms, interfarm cooperatives and links, families of kolkhoz farmers and sovkhoz workers as well as individual workers of enterprises may become leasees.

Citizens or groups of citizens who have joined cooperatives who are not sovkhoz workers or kolkhoz members can also become leasees. Citizens who have reached adulthood can enter into contracts (independently or at the behest of the collective).

The main and indispensable condition for leasing land and other means of production is the guarantee of increased production output volume with decreased costs.

It is expedient to implement the signing of contracts dealing with leasing on the basis of a competition that is advertised ahead of time. The advantage is gained by those applicants who present the most well-grounded programs that will achieve growth in production output volume and the economic and efficient use of material resources.

[Question] The basic document regulating relations between leasees and the lessors is the contract. How, when and by whom is it composed?

[Answer] The parties, having reached a basic agreement on entering into business relations, immediately begin to work out the terms of the contract. In the course of developing it the following questions are decided:

- plots of land and fields are determined; a detailed list of other fixed production capital that will be leased is prepared;
- the volume, schedule, prices and system for selling products;
- the system for selling products that are produced above the contract quota;
- the amount of and conditions for advancing credit for the acquisition of seed, fertilizer, livestock young, feed and the payment of repair, transportation and other services;
- the organization of material-technical supply;
- the amounts of and schedules for rents and other payments to the lessor;
- the conditions of property responsibility of the parties for non-fulfillment or for the inappropriate fulfillment of joint obligations.

All questions regarding the conditions of the contract are decided independently on the basis of mutual advantage.

It is not necessary to coordinate the implementation of the contract with the beginning of the agricultural year or the technological cycle of production output.

[Question] How and by whom is the contract confirmed and where is it registered?

[Answer] The contract is signed by the lessor—the director of the enterprise—and by the leasee—the leader of the collective—and if the collective is small (up to five people) by every member of the collective or by individuals who take upon themselves the contract obligations. From the moment the agreement is signed it is a legal document. It does not have to be approved in any case.

[Question] For what period of time can a contract be signed to lease land and other means of production?

[Answer] A contract to lease land can be concluded for a period of up to 50 years; to lease other means of production—for the period of their amortization. This of course means that when the contract is written all questions of interrelations must be dealt with for the entire period that the contract is in effect. The majority of questions, and first and foremost those such as the volume and structure of products sold, the amount of rent, prices and so forth should be established by agreement among parties for the 50-year period. This will facilitate stability and at the same time will provide the opportunity to periodically supplement the conditions of the relationship. Here it is not mandatory to compose a new contract; all changes can be registered in a supplementary contract, including the inheritance of the leased land.

[Question] What is the order for using the products that are produced?

[Answer] The items that are produced by the leasee are used first and foremost to fulfill obligations vis-a-vis the lessor. Depending on the stipulations of the contract, the products are either sold to the enterprise or directly to procurement organizations in the name of the enterprise.

The products that are produced by the leasee above the volumes foreseen by the obligations are sold at the discretion of the leasee according to contract prices.

[Question] What can be said about prices and services?

[Answer] In cost-accounting relations between the leasee and the kolkhoz or sovkhoz or another enterprises an important role is played by the prices at which products are sold and the cost of the acquired material goods and services. The cost-accounting income of leasees and the level of rents depend on this to a large extent. For this reason with the signing of a contract it is essential to give serious attention to establishing a well-founded level for these prices.

As a rule, products are acquired at state procurement prices from those contractors who pay rents according to fixed rates. The use of these prices facilitates precise and clear relations between partners and strengthens mutual trust.

Intra-enterprise accounting prices are basically used in cases in which rents are paid not according to fixed rates but are calculated as the difference between prices for which the enterprise sells its products and the prices for which it acquires them from the leasee. These prices are worked out jointly between the client (enterprise) and the leasee.

In addition, contract prices can be utilized.

The selection of a variant is implemented according to an agreement between parties depending on the specific conditions for utilizing lease relations.

[Question] Under what conditions does a leasee acquire seed, feed, fuel, spare parts and other material resources?

[Answer] The essential material resources (fertilizer, fuel, spare parts, seed, feed, raw materials and others) and services provided by the enterprise to the leasee are paid for by the leasee according to plan-accounting or contract prices. Plan-accounting prices for material resources purchased by the enterprise are determined with a consideration of the acquisition price and of delivery and storage expenditures. For products produced by the enterprise itself (seed, feed, raw materials and other) plan-accounting prices are established on the level of actual cost price. Services to the leasee by subdivisions of his own enterprise are paid for according to the estimated cost price, and those performed by outside organizations—according to state rates or contract quotations. Here it should be kept in mind that plan-accounting as well as contract prices that were established with the signing of the contract cannot be arbitrarily changed by one party in the course of the contract period.

[Question] In what forms and amounts are rents established?

[Answer] Rents for land or for borrowed production capital can be established according to agreements between parties in a total amount or individually for each form and unit of rented capital: per hectare of plowland, haylands or pastures, per pond, per production structure, per tractor, combine or head of cattle and so on.

Rents can be paid in monetary or in natural form. For example, in Alsedzhyay Kolkhoz of the Lithuanian SSR rents were set at 150 rubles per hectare of plowland and 50 rubles per hectare of meadows. In 1 Maya Kolkhoz of Mary Oblast, Turkmen SSR, 1,400 rubles rent are charged for 1 hectare of irrigated plowland. In Moskva

Sovkhoz of Kurgan-Tyube Oblast the leasee supplies the enterprise with 7.5 tons of watermelons for each 0.5 hectares of dry-farming lands leased by him to cultivate melon crops.

The basic index for determining the size of the rent payment can be the estimated profits generated in the contract enterprise per hectare of land, per pond, per head of livestock and so on. Profits are calculated as the difference between earnings from the sale of products and normative expenditures for their production.

Profits from the sale of products are calculated with a consideration of the productivity of agricultural crops and of animals in a specific enterprise. In the aforementioned examples it is this type of approach that is utilized.

Rental rates must take into account the productivity and location of the plots of land and the productivity of animals and stimulate leasees to utilize agricultural lands and other means of production as well as possible.

If rents are paid in natural goods, the quantity of these goods is determined according to the same principle as monetary payments.

Rent payments for technology, equipment, buildings and structures are calculated at the level of amortization deductions.

The cost of technology, production structures, equipment and so on is determined according to the balance or remainder cost, i.e. with a decrease in initial cost by total actual amortization deductions over the period of operation.

Other methods of determining rent can be utilized by mutual agreement.

[Question] Do rent payments include the enterprise's expenditures for paid vacations, social insurance, insurance payments and overhead and other expenses?

[Answer] In determining the estimated profits of enterprises all expenditures for production output are taken into account, including social insurance, paid vacations, insurance payments and overhead expenses. If they are not included in rents according to the contract then the leasee makes additional deductions from his own assets in order to provide himself the right to receive vacation pay, benefits for temporary inability to work and so forth. Another solution is possible—all of these expenditures can be included in rents and can be implemented by the enterprise by means of rent payments.

Let us look at the following example. A contractor leases an area of plowland for cultivating potatoes in a sovkhaz. In accordance with the aforementioned system for determining estimated profits the productivity of potatoes is said to be 150 quintals. Earnings from the sale of

products according to state procurement prices, which were established in the given rayon at the rate of 10 rubles per quintal, comprise 1,500 rubles. According to calculations expenditures for cultivating 1 hectare are determined to be 1,200 rubles; of this amount 150 rubles are earmarked for social insurance, for the payment of vacation time, for overhead expenses and for insurance payments and 1,050 rubles are the direct expenditures of the leasee for cultivating and harvesting potatoes.

Rents, if they are established on the basis of total expenditures of 1,200 rubles, equal  $1,500 - 1,200 = 300$  rubles. In this case in addition to paying the rent, the leasee must reimburse the enterprise for all enumerated expenditures which according to calculations equalled 150 rubles.

If the leasee feels it is more convenient to include expenditures for social insurance, vacation pay, overhead expenses and insurance payments in rents and to have the enterprise implement them, in this case the rent is  $300 + 150 = 450$  rubles.

[Question] Can we establish privileges for leasees who have decided to work on unproductive lands or in unproductive livestock raising enterprises?

[Answer] In order to increase the interest of leasees in the use of unproductive lands or fields that have been removed from economic turnover and in unprofitable or unused livestock-raising farms an enterprise can lease these under preferential conditions by decreasing rents and without asking for rent for the period of time that is necessary to organize effective production.

[Question] How is the cost-accounting income of leasees created and utilized?

[Answer] Earnings from the sale of products are used by leasees to pay the rent, to repay loans and to repay the use of material resources and services. Leasees make other deductions and payments as foreseen by contract obligations. The sum that remains is the cost-accounting income of the leasee, his own personal property and no one has the right to tell him how to dispose of it. Leasees, in addition to distributing income among members of the collective, can upon their own initiative create funds from it for production development, social development and reserve funds. They can acquire, on the basis of the rights of group of individual property, tractors, agricultural machinery, motor vehicles, equipment and production and cultural-consumer structures.

Leasees save their monetary assets in a personal account in the bookkeeping department of the enterprise, in the financial-accounting center of the agricultural combine (association) or in their own current accounts in the bank institution.

The leasee receives compensation for losses from natural calamities or other unfavorable conditions by means of insurance payments received by the enterprise as well as through his own reserve fund. In addition, the enterprise can support the leasee by allocating capital with the understanding that it will be returned.

[Question] How does the leasee participate in implementing the social development plans of collectives (the upkeep and building of children's facilities, housing, roads and so forth)?

[Answer] The participation of leasees in the social development of the enterprise with which he has a business relationship is implemented primarily by rent payments. Under conditions of the transition of agricultural enterprises to complete cost accounting and self-financing the main source of social development of the enterprise is profits. Within the enterprise rents go into increasing income and consequently into increasing assets for the building of children's facilities, housing, roads, cultural-consumer and sports facilities, rest homes and so on. As we have already noted the leasee may use all forms of social security, including pensions, vacations and sick-leave benefits, on an equal footing with kolkhoz farmers and sovkhoz workers.

In addition to this, the leasee can direct a portion of his own cost-accounting income into measures to improve working, everyday living and leisure conditions for the workers of his collective.

[Question] How are relations built with leasees who are not workers of the enterprise?

[Answer] Lease relations between kolkhozes, sovkhozes and other land users with cooperatives and individual citizens who are not sovkhoz workers or kolkhoz members are built on the aforementioned principles for leasing in accordance with the USSR Law, "On Cooperation in the USSR."

In particular, leasees have the rights of a legal party and have a current account in the bank department. According to the contract they can produce any product and do with it as they see fit, i.e. sell it to the enterprise, through a market, through consumer cooperatives or through other channels.

In order to have the right to social insurance and social security leasees independently make contributions to the state fund for social insurance from their income and pay the state an income tax. They acquire material goods and services that are needed for production output according to wholesale prices in the enterprises and organizations of the USSR Gosagroprom system and according to contract prices in other enterprises and organizations.

The amount of the rent is determined in the same way as for leasees who are workers of the enterprise but with a consideration of the special characteristics in product sales and in the acquisition of material-technical resources.

The recording of the results of operations and accounting and statistical bookkeeping are carried out in accordance with the order established for cooperatives.

Leasees are obligated to increase the productivity of the lands they have been assigned, and to use their own assets to carry out restoration work if the fertility of the soil decreases or if the environment is damaged.

The property relations of the parties are governed by the norms of the civil code of the union republic.

[Question] Under what conditions can leasees bring in additional people during intensive work periods?

[Answer] This kind of recruitment of additional manpower is permitted as an exception for the period of seasonal work. Wages for this work are paid according to an agreement among parties but cannot be below wages for similar work in the enterprise.

[Question] How are disputes settled?

[Answer] The leasee and the lessor are partners with equal rights in terms of the contract. All relations between them are regulated by the contract, which is a legal document.

With the goal of securing guarantees for every party the model contract foresees the use of sanctions. Thus, if the non-fulfillment of obligations by the lessor resulted in the underproduction of the harvest, a decrease in the productivity of animals or a deterioration in the quality of products, an increase in expenditures and so forth then he must compensate the leasee for the loss.

The leasee who has not completely fulfilled his obligations pays the forfeit and makes compensation for the losses suffered by the lessor. If the fertility of the soil has decreased or if there are losses of leased capital at the fault of the leasee he is obliged to fully compensate for the cost of restoration work.

In the case of non-adherence to contractual obligations the leasee and lessor have the right on a unilateral basis to abrogate the contract, usually after the conclusion of the agricultural year after first informing the other party of this at least 2 months in advance.

Differences that arise are dealt with on a mutually acceptable basis. In case of an absence of an agreement, disputes between parties are examined judicially.

[Question] Under lease conditions the leasee becomes the direct organizer of production. What will the functions of the lessor enterprise be?

[Answer] Under the conditions of lease relations the main tasks of the sovkhoz administration or the kolkhoz directors is the organization of material-technical supply, agro- and zootechnical services, the sale of products, and the expansion and improvement of the quality of other services needed by the leasee. Here it is very important to achieve the complete and precise adherence to mutual contractual obligations.

The most important functions of the enterprise's management remain social development of labor collectives, the preparation and creation of the prerequisites for expanding reproduction on a contemporary level, the training and additional training of all cadres, the assimilation by cadres of intensive technologies and of other achievements of scientific-technical progress. Under conditions of extensive development of contracts on the basis of lease relations the kolkhoz or sovkhoz becomes a kind of association of primary cost-accounting cooperatives. This creates the best prerequisites for the accelerated growth and increase in the effectiveness of food production. It is important that in the development of lease relations there be extensive participation by agricultural specialists who must participate directly in lease collectives. It is the direct obligation of directors of enterprises and of agro-industrial organs to facilitate in every way possible the development and successful operation of lease collectives, and to create all the conditions necessary for their independent work and for their complete fulfillment of contract obligations.

USSR Gosagroprom and VASKhNIL, in responding to the questions that have been posed, request that everyone who is interested in the development of lease relations in the village attentively look for materials that generalize the best experiences, which will be systematically illuminated on the pages of central and local newspapers and in special reports on radio and television.

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### **Grain Transport Problems Detailed**

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[Article by B. Srybnykh, special correspondent of KAZAKHSTANSKAYA PRAVDA: "The Cost of Grain"]

[Text] Several interviews concerning highly specialized questions of a social nature.

Let us be clear from the very beginning: our discussion here concerns not the cost of grain in stores or even what constitutes the production costs for farmers. We will

discuss expenditures during one of the final stages in the harvesting of the crop—grain shipments by motor vehicle transport.

#### **Profitable For All With the Exception of the State**

The deputy chief of the Administration of Freight Shipments of the Ministry of Transport of the Kazakh SSR E. N. Dzhunusov responds to questions asked by the Editorial Board.

First interview.

[Question] Ernest Nazneevich, it is known that a large number of transport vehicles is brought in from beyond the republic's borders and that a so-called transferring of transport equipment is carried out within the republic—from oblast to oblast. This is all very costly to the state. What losses does the ministry sustain as a result of such movements?

[Answer] The ministry's overall expenditures associated with the bringing in of transport equipment for harvesting the crop derive from direct expenditures for the movements of motor transport vehicles—this includes payments for railroad flatcars, and the use of self-propelled motor vehicles and the payment to driver personnel and other motor vehicle column workers of 75 percent of their average wages for time spent carrying out the harvest work; and also losses associated with the idle time of motor transport equipment during the course of preparing it for the harvest work and during rail shipments. Thus the initial expenditures are reimbursed to the ministry, while income losses caused by idle time, which usually amount to 6-10 million rubles, are not reimbursed.

[Question] And how many motor vehicles are brought in?

[Answer] It varies from year to year. This year, for example, approximately 45,000 motor vehicles will be brought in, with 8,000 of them being moved about among the oblasts.

[Question] And how is the number of motor vehicles required for harvesting the crop determined? Who does this?

[Answer] The requests for transport equipment are composed in the oblasts by the local organs of agricultural administration. The number of vehicles required is determined depending upon the productivity of the grain and silage crops. But always with a reserve—for any eventuality. The logic here is simple enough: if fewer motor vehicles are ordered than actually needed, the individuals involved are later held strictly to account. On the other hand, there is practically no responsibility if more vehicles are ordered than actually needed.

[Question] This is fine, but how do other national economic installations manage during the harvest period in the absence of transport equipment or a very reduced amount of such equipment?

[Answer] With difficulty. Although methods which have been tested over a period of many years are available for the advance shipment of goods to our customers: road builders, construction workers and a number of other branches. For example, regular shipments are needed for trade or for railroad stations. Moreover, new difficulties have arisen this year. In connection with the conversion over to cost accounting, many customers are beginning to protest against ahead-of-schedule shipments and against the creation of a reserve of freight—above-normal reserves are now painfully expensive for them.

[Question] I am aware that there are in existence, and have been available for many years, advanced shipment methods which make it possible to reduce considerably the motor transport requirements for harvesting the crop. Why is it that very little use is being made of these methods for carrying out grain shipments?

[Answer] You obviously have in mind the multiple trailer and batch methods. Is this not so? They truly have been known for a considerable period of time—since the early 1960's. The motor vehicle operators introduce them into operations each year—this year they will be employed by more than 2,000 brigades. But complete use throughout the entire republic is still truly a long ways off.

#### **A Needed Digression On the Essence of the Advanced Methods**

An explanation of this problem is needed for the uninitiated readers. The usual plan for moving grain from a combine to a threshing floor is well known to all: the combine operator, after having threshed a full bunker of grain, stops his unit and issues a signal to the driver: "Approach, the bunker is full!" The motor vehicle, which was waiting at the edge of the field, approaches the combine, the grain is unloaded into the vehicle body, the combine then moves on and the motor vehicle is sent either to the threshing floor or to another combine for the next bunker of grain.

At first glance, the picture appeared good to all concerned: the combine operators would issue signals from time to time and the motor vehicles were scurrying about the fields. In short, the work was at a fever pitch. But it only appeared this way. First of all, there was nothing good about the vehicles scurrying about the fields. Their fuel expenditures increased twofold and the intensity of wear and tear on a vehicle—by a factor of 2-3. But this was not all. The wheels of a vehicle would disrupt the soil structure and thus lower its fertility. The chief shortcoming—the inevitable idle time of equipment (both combines and motor vehicles). On average, a combine is idle for 7-10 minutes while waiting to be unloaded (for a

shift, this amounts to 1.5-2 hours). As a rule, the idle time of motor vehicles is even greater. Under the existing technology, motor vehicles and combines operate very closely with one another and this accounts for their inevitable idle time.

During the development of the multiple-trailer system, the task was assigned of eliminating the strong "link" between a combine and motor vehicle and also of reducing the motor vehicle runs over the more difficult sectors of fields. This should be done by wheeled tractors with trailers.

The tractor operators bring the trailers to the combines where they are filled with grain. Thereafter, they move them out to a road where the trailers are joined into motor vehicle trains. A motor vehicle with trailers operating between a field and a threshing floor works practically with no idle time and under considerably easier conditions—on a road. The productivity of the motor vehicle increases by a factor of 3-5 and the amount of time it spends directly out on a field (in order for its body to be filled with grain) is reduced by threefold. The production costs for grain shipments under this system are reduced by 28-36 percent. The advantage is readily apparent.

But there are objective factors which tend to inhibit the extensive use of this method. Thus a need develops for coupling and uncoupling the motor vehicle train, for levelling off the grain and for covering it. Hence, a brigade requires a coupling specialist. In addition to trailers, a need also exists for towing tractors (usually a group of combines is serviced by a Belarus tractor). The number of combines, trailers, motor vehicles and tractors is determined on the basis of a special computation, the results of which are dependent upon the cropping power, transport distances, condition of the fields and others. The multiple-trailer method also requires a definite amount of organizational work on the part of all participants in the harvest work, in keeping with the preparations made.

This then is the reason for the poor introduction of the mentioned method—organizational discrepancies, a shortage of personnel (particularly coupling specialists and tractor operators) and tractors (other agricultural operations are usually being carried out at this time—harvesting and laying in of silage, fall plowing and other work) and at times even trailers, which are still being produced in our country in insufficient quantities. Thus, notwithstanding a reduction in labor expenditures by a factor of 2.5-3, the multiple-trailer method is still not being used to a sufficient degree.

The batch method appears as a logical development of the multiple-trailer method. It lacks many of the shortcomings mentioned above. First of all, there is no need for employing a tractor or tractor operator, since trailers are located in definite areas established in advance (along certain roads). The combines do not lie idle for a

moment, since trailers or motor vehicles always await them in the unloading areas. The movement of the latter over fields is reduced to a minimum—fuel is saved, the structure of the soil and stubble is maintained, tractors are made available for other work and the need for motor vehicles declines. Even more important is the fact that reductions take place in the harvest periods and in grain losses.

Thus a reduction in the duration of the harvest period from 18 to 14 days, through use of the batch method, is making it possible for each combine operator with an output of let us say 30 tons per day, to obtain 3-4 additional tons of grain during the harvest period. These 3-4 tons are lost when use is made of the other shipment method.

About seven years ago, I interviewed combine operator V.A. Leys at the Roslavskiy Sovkhoz in Alma-Ata Oblast concerning the introduction of the batch method. Here is what he had to say at that time:

"The batch method constitutes truly a simple solution for the problem of shipping grain from a combine. And it is a very successful one. It is ideal from the standpoint of a combine operator. With the introduction of this method at our sovkhoz, only 15 minutes were required for organizing all work directly out on a field. Earlier my attention was from time to time diverted to the hopper: how was work proceeding there and would the hopper soon be filled? Was it necessary to signal the driver to approach? This concern no longer exists at the present time: whether or not the hopper is filled is completely unimportant. I pour out the grain not by hoppers but by batches. Herein lies the secret for computing my output. Since on the average the batches are the same for all of the combine operators, no misunderstandings arise: the contribution made by each individual is taken into account with sufficient accuracy."

Earlier one had to wait in a furrow for a motor vehicle for a half hour or more. Now there is a stop for unloading which lasts for only 2-3 minutes. And everything takes place while moving, with no unnecessary maneuvers. I love the equipment and it was simply painful for me to see how the drivers damaged their motor vehicles on the stubble when the old methods were employed. Today this no longer takes place. The output per combine has increased by 15-20 percent. I obtain 5-6 extra hoppers. This is an increase of 10 tons of grain!

To the above, V.A. Leys could only add that large amounts of state money were expended for bringing in motor vehicles from other regions to help in carrying out the harvest work. The specialists estimated that the state spends an average of 5 rubles for each hour that a "borrowed" motor vehicle is employed in carrying out the harvest.

[Question] Ernest Nazneevich, why is it then that despite the tremendous advantages offered by the advanced methods they still have not dislodged the antiquated grain shipment methods?

[Answer] In my opinion, there are many reasons for this. You have already mentioned some of them yourself. But there are still others. For example, there is the impractical nature of the loading-unloading and weighing systems on the threshing floors. Since the 1960's, we have maintained that the mechanization equipment on the threshing floors preclude the possibility of weighing, unloading and, following the processing of the grain, loading the modern heavy freight motor vehicles and motor vehicle trains. But little has changed during this period. Thus it became necessary, for the purpose of introducing the advanced grain shipment methods into operations, either to maintain powerful Kirovets tractors (and indeed they are needed for carrying out other field operations during the harvest period) on the threshing floors for unloading the grain by inclining the trailers, or to have the motor vehicle operators themselves design and create from metal the hoists, dumpers, scrapers and other devices needed for carrying out the work.

It is difficult at times to counter the psychology that has developed over a period of many years in the economic leaders and some party and soviet workers in the various areas: they maintain that their task is to grow the grain and that the state must rescue them at any price. Thus they order a few more machines for any eventuality. On average, motor vehicles which are transferred from one oblast to another are out of operation for 10 days. Yes and later they are not always employed as originally intended. For many years I traveled with motor vehicle detachments to Kokchetav and Kustanay oblasts and I can state quite definitely: on some days the transferred vehicles were being employed more for "other" shipments (gravel, coal, brick and others) than they were for grain. If I am to be completely honest, then I must state that at times the sovkhoses, kolkhozes and local authorities ordered especially an excessive number of motor vehicles for use in delivering to the farms, during the harvest period, materials for the construction of roads, for improving public services and amenities in the settlements and so forth. As a rule, we motor vehicle operators do not protest such actions very strongly: once we are transferred to an area, it is better to transfer coal than to stand in line awaiting the arrival of adequate grain shipment volumes. In the final analysis, we do not sustain any losses—all of the shipments are paid for in full. But is this really the state way of doing things?

[Question] Nevertheless, what can still be done, aside from the introduction of the mentioned methods, to reduce considerably the number of borrowed motor vehicles?

[Answer] First of all, a requirement exists for making more extensive use of the transport equipment assigned to the sovkhoses and kolkhozes. During the harvest

work, this equipment is usually laid up and the drivers are transferred to combines. I visited the Ukraine and became interested in the manner in which grain shipments were organized there. This republic has no need for borrowing transport equipment from beyond its borders. Here, for the harvest operations, use is made of 80 percent of the available motor pool of the sovkhoses and kolkhozes and 65 percent of the motor pool of other Gosagroprom [State Agro-industrial Committee] enterprises. And 3 million tons of grain are shipped at the farms using overlooked cartage. In our case, the transport equipment of sovkhoses and kolkhozes is almost not being used whatsoever. And indeed the Sovkhoz imeni Kozlov in Kustanay Oblast has hundreds of its own motor vehicles. And we have many such sovkhoses with strong motor vehicle pools. Moreover, the system for ordering transport equipment for harvest operations should be changed. Rather than ordering a number of motor vehicles for us by oblasts, the Gosagroprom workers should issue reports on the quantities of grain and silage to be shipped and assign the schedules for commencing the harvest work. And the motor transport workers themselves will determine how many motor vehicles and trailers are required and the shipment methods to be employed.

Annual agreements between the sovkhoses, kolkhozes and motor transport enterprises with regard to transporting the crops are also needed.

[Question] But were no such agreements concluded 20 years ago?

[Answer] First of all, not in all areas. Only certain motor transport enterprises had permanent work places—in definite regions and on certain farms. More often than not, the locations of our motor vehicle detachments change from year to year. Secondly, the agreements concluded throughout all of these years were referred to as agreements for collaboration and had no legal force. And we need economic agreements with appropriate material responsibility for possible non-fulfillment of the conditions embodied in these agreements.

There is still one other means for reducing the number of motor vehicles borrowed for the harvest work—introduction of the stationary grain threshing method. This is a very fine method—the agricultural workers can discuss it better than I can. The need for transport vehicles will be less, since the threshing will be carried out gradually and thus the shipments will not be as intensive. But if I am correct in my thinking, an appropriate system of machines must be created for the extensive use of this method.

#### A Needed Digression Concerning Past Experience

Indeed there were times when the kolkhozes shipped their grain themselves. But with the passage of time the borrowing of transport equipment from all branches of the national economy for aiding in carrying out the

harvest operations entered into practice on an extensive scale. And this included first of all the so-called general use transport. This began, if you please, at the time of the mastering of the virgin lands. The initial and several unexpectedly huge harvests required the use of all forces for shipping the grain. Many years have passed since those times. But the habit of making all equipment and personnel reserves available for the harvest work, in the absence of special computations, has remained. Today, with the principles of cost accounting and self-financing entering into our lives on an ever increasing scale, the time has come to reject the old methods and abandon the habits and traditions that have developed. But this involves a great amount of difficulty.

#### A Cost Accounting Base Is Needed

Those participating in the discussion—the chief of the Alma-Ata Municipal Production Freight Motor Vehicle Administration (association) N.A. Tashuta and his deputy for shipments V.K. Semenov.

#### Second interview

[Question] Nikolay Antonovich, I recall that several years ago, together with a delegation of motor vehicle operators from our country, you traveled to the U.S.A. and familiarized yourself with the organization of motor transport work there. Would you say that the harvesting and transporting of the crops there was also a "battle to bring in the grain?"

[Answer] No, there it was just the usual daily work. And there was no transferring of transport equipment. But their conditions were different: a far-flung system of excellent roads, a well developed network of elevators and they did not have the great shipment distances that we have. Moreover, the average freight carrying capability of their motor vehicles was 25 tons (and throughout our country- 6 and in Kazakhstan—8.3), not to mention the mechanization equipment at the elevators.

It is my opinion that we cannot reject the borrowing of transport equipment—it cannot be done in a simple manner and the peak workloads during the height of the harvest period are too great. However, a reduction in the amount of transport equipment being transferred can and must be carried out and to a substantial degree. It is my opinion that this requires an increase in the Gosagroprom motor vehicle pool and its full utilization in behalf of the harvest work and also an increase in the freight carrying capability of the motor vehicles.

[Question] And what is your attitude regarding the advanced shipment methods? Are they not easing the situation.

[Answer] Frankly speaking, I do not believe in the multiple trailer method—certainly, it has many advantages and yet the expenses are rather high. The batch

method is considerably more valuable. Emphasis should be placed upon this method.

#### A Needed Digression On Experience in Use of the Multiple-Trailer Method

Despite the mentioned shortcomings, the multiple-trailer method is being employed in those areas where the conditions permit its use. We requested our super-numerary correspondent D. Akhmetzhanov to discuss the use of the multiple-trailer method by a motor transport enterprise in Kokchetav Oblast. It is being used at the Kazanskiy Sovkhoz by drivers attached to the Talshik Motor Transport Enterprise.

And both at the sovkhoz and the ATP [motor transport enterprise] there were at one time personnel who did not believe that this planned method would be successful. Even among the sovkhoz's specialists there were skeptics:

"Yes, abandon such foolishness," they stated. "Put toy soldiers on the machines and we will harvest the silage and grain no worse than others."

The multiple-trailer method also appeared to many at the motor transport enterprise to be a toy and the latest vogue. It was maintained that such maneuvers involving the coupling and uncoupling of trailers would result in great losses in time.

But the new method also had its strong proponents—the sovkhoz director I. Kuryata, behind whose back there was the contractual brigade of A. Galunets and the chief of the ATP N. Shoykin with the brigade of S. Mukazhanov.

"Prior to use of the multiple-trailer method," stated I. Kuryat, "we used dozens of army motor vehicles annually merely for the shipping of silage bulk. One can imagine the expenses involved. And today this work is being carried out by only four KamAZ machines with trailers."

The Talshik drivers do not restrict their use of the multiple-trailer method only to silage bulk shipments. During the last three harvest periods, the brigade of Mukazhanov participated in grain shipments. Thanks to the multiple-trailer method, the brigade lowered the production cost for the shipments by 35 percent and labor productivity was increased by more than twofold. During a harvest period alone, the brigade realizes a fuel savings of approximately 8 tons.

[Question] What problems arise in connection with motor transport equipment of your administration being brought in for the harvest work? How costly to the administration is this economically?

[Answer] V.K. Semenov: each year we assign 900-1,000 motor vehicles and 500-600 trailers for the harvest work. In addition, we are assigned 500 machines from other

oblasts. The shortcomings are as follows. First of all, a deterioration in the services for our permanent customers—the construction materials industry, construction organizations, railroad stations. Transport-dispatch services for the population become worse during this period. Secondly, the fact that our locations in the northern oblasts are constantly changing causes us many inconveniences. Thirdly, because of the many trips involved in carrying out the harvest work, we lose drivers; not everyone wishes to spend 2-2.5 months each year carrying out temporary duty assignments—the personnel leave to take up assignments at motor transport enterprises where no temporary duty is involved. Fourthly, the harvest work disrupts a brigade contract at centralized installations in Alma-Ata. Fifthly, there are technical complications involved in the refueling of the motor vehicles. In Alma-Ata, 53 percent of our transport operates on the basis of gas. In the north there are no such gas refueling stations and we are forced to convert over to benzine.

With regard to our harvest expenditures, we do not sustain considerable above-plan losses, since all expenses are paid for on a compensatory basis. We do not suffer any losses in the plan for direct expenditures, but indirect losses do in fact exist (as mentioned above). And they must be reduced—cost account demands that this be done.

[Question] And how can such a reduction be achieved?

[Answer] N.A. Tashuta: first of all, those local workers responsible for providing transport in the republic's northern oblasts, while ensured for any eventuality, usually require the transport equipment to be made available 1-2 weeks earlier than the commencement of the mass grain shipments. The schedules must be accurately set forth and perhaps the transport equipment should even be made available in a gradual manner, by groups—as the shipment volumes increase.

Further: the practice of considering the motor vehicles as units should be terminated and instead their freight carrying capability should be taken into account. This will draw us closer to the true requirements for transport.

The practice of dispersing the "borrowed" transport equipment throughout an oblast should also be discontinued and it should be utilized in a more compact manner—in definite regions and at certain sovkhoses. In short, a need exists for work areas which will be permanent from year to year and also contracts with the sovkhoses. The economic executives must deal directly with other economic executives and not through the party and soviet organs. Everything must be developed on a cost accounting basis.

And there is still one other problem. The motor vehicles brought in from other branches of the national economy are usually placed under our command—the transport workers. And this noticeably complicates and makes more difficult the situation with regard to fuel, spare parts and the technical servicing and repair of the motor

vehicles. Here we see the solution to this problem as being that of using this transport equipment to create detachments for the harvest period, detachments which are turned over to the sovkhoses on a lease basis. Such experience is already available and it has proved its worth.

#### **A Needed Digression On the Vitality of the Old Mechanism**

A correspondent of a newspaper for Pavlodar Oblast, V. Stupak, discusses this problem.

For more than one year now, the Pavlodar workers have not only not had to borrow transport equipment from outside their oblast, but in fact they have been sending their own motor vehicles into other regions of Kazakhstan. Thus this year they prepared 500 KamAZ machines with trailers for work in Kokchetav Oblast.

"But our old methods are still vital in various areas," stated the chief of the Pavlodar Motor Vehicle Association P.P. Kovalenko. "An order for the transferring of transport equipment was given to us in August. It was as though the officials in the republic's capital had only just learned of the impending harvest. But this was not a mud-laden torrent or a natural calamity! The fact that a harvest was forthcoming should have been recognized in the spring, at which time the sovkhoses should have displayed concern for the agreements having to do with transporting the crop. The time is at hand for learning how to do this from below. But just as in the past, commands are being issued to us from above and then at the very last moment. As yet, no one ton of grain has been transported and confusion reigns. A sovkhos is presented with one schedule for grain shipments which is based upon the ripening of the fields and thereafter still another one is received from Alma-Ata which is not at all in keeping with the real situation. In any case, they wished merely to see it."

Moreover, it is incompatible with the principles of cost accounting, which the motor transport operators have already converted over to and which the sovkhos collectives will convert over to commencing 1 January 1989. True, a deep-rooted peasant psychology still prevails in the rural areas: let there be a crop and will obtain everything that is necessary! Thus they request as many machines as possible "for the grain" and they are indifferent to the fact that the payment for them comes not from the sovkhos treasury but rather from the state budget. Some farm leaders wish to remain oblivious to the fact that earlier a motor vehicle could accommodate 2.5 tons of grain, at the present time 8 tons and with a trailer 14 or more tons. Quite often they order the previous number of machines. Thus, in the case of a KamAZ machine, in order to fill up the sides, it must await the approach and unloading of the bunkers of one and a half dozen combines. It comes as no surprise to learn that over the past 9 years the earnings of drivers have fallen from 238 to 97.5 tons.

### Exclude Us From Technological Shipments

We also met with the chief of the Alma-Ata Oblast Production Freight Motor Transport Administration (association) M.K. Shauyenov.

### Third Interview

[Question] Marat Karayevich, how does it happen that, in the face of considerable volumes of agricultural shipments in your own oblast, right up until late autumn, you send machines to northern Kazakhstan? And this occurs at a time when drivers from the capital's municipal motor transport administration are assisting you in carrying out your agricultural shipments.

[Answer] It has only been during the past 3-4 years that we began sending machines to aid with the harvest in the northern oblasts. We began with 100 motor vehicles. At the present time, we are furnishing 250 motor vehicles and 200 trailers. At the work place, the trailers have been placed off to the side—the work there is organized in a manner such that trailers are not needed. It turns out that we move them throughout the entire republic for any eventuality. We are also deployed under very difficult conditions—the local motor transport workers take over the best work places. We get what remains.

[Question] How can this situation be changed?

[Answer] If it is impossible today to rid ourselves of this system involving the "borrowing" of transport equipment, then at least such work should be carried out in a thrifty manner. Why is it that we are provided with the number of motor vehicles delivered "from above," rather than the grain shipment volumes? Why do we not conclude economic agreements with the sovkhozes and kolkhozes? Could it be that we do not know where we will be working—at best, we know the region and even this they change on us from year to year. Our local "bosses" also do not hold to their word. As a rule, they promise us at the beginning of the harvest work: complete the harvest operations in this region and then you may go home. And when we finish the work, we are almost always sent somewhere else "for a change"—2-3 transfers within the oblast during a season. Our drivers have almost gone out on strike as a result of such extended periods of temporary duty. There is a need here for a maximum amount of "explanatory" work.

We are repeatedly told that we cannot proceed in the absence of "borrowed" transport equipment. But indeed it is possible at all motor transport enterprises and in our case, especially in the northern oblasts, to raise the coefficient of technical readiness of the motor vehicle pool to 0.90-0.95 prior to the commencement of the harvest work. At such a time, the breakdowns will be fewer and the requirement for motor vehicles will be reduced accordingly. Certainly, it would be simpler to send "southerners" up north. But indeed we would disrupt even the limited shipments to customers during

the harvest period and they would be unable to perform in a rhythmic manner. It seems to me that a need has existed for some time for creating an all-round special purpose "Transport" program in our republic, one which provides for the need for developing all types of shipments for the national economic branches and a policy of scientific-technical progress for transport. With regard to grain shipments, it is my belief that a need exists here for specialization: agroprom employs its equipment for transporting from the field to the threshing floor and our transport equipment is used from the threshing floor to the elevator. In addition, the oblast executive committees must coordinate the creation and operations of the motor transport enterprises of all departments. Then there will no longer be a requirement for maintaining more machines at the motor transport enterprises of general use—with a reserve for the future harvest.

### How Can the Flaws Be Concealed?

Our speaker—the head of the Department for Agriculture and the Food Industry of the Kustanay Oblast Party Committee M.M. Yermakov.

### Fourth interview

[Question] Mikhail Mikhaylovich, how does a party worker view the difficult problem of bringing in a large amount of motor transport equipment from other regions of the republic for carrying out the harvest work?

[Answer] By no means is this problem a simple one. Why are we forced into bringing in transport equipment "from outside?" A weakly developed network of elevators. Poor roads. A shortage of mechanics, as a result of which much of the sovkhoz transport equipment must be turned over for repair work and the drivers transferred over to combines. How have we been covering up these problems over the years? By the number of machines "brought in" to do the work. If we address the problem directly, then it would appear that our troubles derive from an absence of economic reflection among the personnel.

In addition to the problems mentioned above, there are also some that are of a technical nature. For example, over a period of many years no solution has as yet been found for the problem of mechanizing the threshing floors using complete and highly productive loading and unloading equipment. Up until now, agriculture has been supplied with general purpose motor vehicles. But a need exists for specialized rolling stock—tractors with on-board equipment, including interchangeable bodies for various agricultural operations.

[Question] And what is your attitude regarding the fact that 75 percent of the earnings of the "borrowed" motor transport workers is paid for by the state?

[Answer] In principle, this is incorrect. But today there is a stern requirement for it. Many sovkhozes are converting over to cost accounting with large debts. If, at the

present time, one adds to this the expenses for transport operations, the sovkhozes would simply end up in financial ruin. It is my opinion that today agriculture cannot be forced to extricate itself independently from the economic situation that it finds itself in. A redistribution of capital investments is needed.

### We Cannot Wait 30 Years

Our last speaker—assistant professor at the Alma-Ata Architectural-Construction Institute, Doctor of Technical Sciences and author of the multiple-trailer and batch methods for shipping crops A.G. Plokhov.

### Fifth interview

[Question] Sergey Grigoryevich, how is the introduction of advanced methods proceeding at the present time?

[Answer] It is a complicated problem. We are publicizing them extensively. This year the traditional republic conference for departments interested in the harvesting of crops took place. And as is the case each year, during this conference we discussed the introduction of advanced shipping methods.

[Question] How many conferences are needed? I have known you for almost 20 years. And throughout all of this period conferences have been held to discuss the introduction of advanced crop shipping methods. Only earlier these conferences were conducted by the former ministries for agriculture, motor vehicle transport and procurements. Today all of these departments are referred to differently and yet the conferences continue. When finally will we have the introduction of these methods and not mere conferences to discuss them?

[Answer] Beyond any doubt, the period for conferences has been dragged out. Although, the publicizing of the methods also has its advantages. For example, this year, in Presnovskiy Rayon in North Kazakhstan Oblast, we organized a collective review of all three harvesting methods: conventional, multiple-trailer and batch. Such business-like games are useful. For example, we succeeded in convincing a brigade leader at the Tokushinskiy Sovkhoz regarding the inevitability of converting over to intensified crop shipments. Unfortunately, his earlier view was typical of many farmers. "My job is to grow the grain and somebody else is responsible for shipping it." Thus he tells me that the multiple-trailers mean nothing to him. "Army machines are sent to the sovkhoz and they carry off the grain." "But what if they are not sent?" I asked. "Then we will ship it ourselves using the sovkhoz's Kirovets machines" he replied. At which point, I said to him "Under cost accounting conditions, a brigade pays 7,440 rubles to lease a Kirovets machine." I noted that the brigade leader fell to thinking. Thus it is apparent that advantages are to be realized from the introduction of advanced shipping methods and especially under cost accounting conditions. There is simply no other solution. [Question] As

one who has concerned himself over a period of many years with the problems of crop shipments, you must be aware of what is being done abroad in this regard. Is this not true?

[Answer] Systems similar to the batch method are being employed abroad. The FRG is using a so-called FAR system, which calls for the use of containers for gathering up and loading the grain into motor vehicles. In Finland, a preference is being shown for the "multiple-lift" system, which is predicated upon the use of detachable bodies. It bears mentioning that Kazakhstan is not the only place in our country where progressive harvesting methods are being employed. For example, hopper-reloaders are being employed in the Altay region and in Novosibirsk Oblast.

[Question] In your opinion, what are the prospects for developing and improving the harvesting-transport processes in the future?

[Answer] First of all, a preference should be shown for large group operations and the brigade organization of labor and transport runs over a field should be limited. Money should not be spared for the use of trailers—during intensive operations, a trailer is paid off within a period of 10 months. The time is at hand for establishing the shipment norm for one trip at not less than 10 tons and in the future—40-50 tons.

The existing coefficients for additional payments for the use of trailers are also unjustifiably low—the wages for drivers who work with trailers do not increase adequately compared to drivers who do not work with trailers. It is time to count the money on the whole and not be installments. And one should not fear an increase in wages if accompanied by an increase in labor productivity.

[Question] Similar to many motor transport workers, you obviously favor excluding non-sovkhoz transport operations from so-called technological shipments—in the "field to threshing floor" sector. Is this not so?

[Answer] This is one variation. And yet there are others. Let us turn once again to foreign experience. Many farmers in the U.S.A. do not concern themselves with the harvest work, since such work is carried out by special intermediaries—dealers. In many countries it is felt that marketable grain is not the concern of the farmer. We conducted an experiment once in the creation of harvesting-transport detachments in Dzhabul'skiy Rayon in Alma-Ata Oblast, but this experiment was never further developed.

[Question] What conclusions have you drawn following so many years devoted to the introduction into operations of advanced crop shipment methods?

[Answer] Beyond any doubt, improvements have taken place. The farms of Kazakhstan have accumulated a great amount of experience in the use of intensive

shipment technologies. As a result, the requirements for motor vehicles have been reduced by more than 20,000. However, if we continue to introduce advanced methods at the same rates as at the present time, then no less than 30 years will be required before the requirements for the republic's 80,000 combines are fully satisfied. And time does not permit us to accept such a schedule. Economic development requires other rates.

[Question] And the final question: what is your attitude with regard to other leading shipment methods that have been advanced?

[Answer] You quite expect me to state that only my developments are correct. Yes, if something valuable was developed elsewhere, then let them try it and introduce it into operations. Only be sure that such new developments satisfy the three principal requirements—intensification of shipments, protection of the crop and ensuring that the fields are spared unnecessary wear and tear caused by wheels.

**Thus, what conclusions can be drawn from these discussions with specialists?**

The opinions expressed by them coincide for the most part, despite the fact that some contradictions appear in the evaluations. Generally speaking, the principal results of the discussions are as follows:

Special economic agreements on crop shipments are needed between all of the agricultural and transport enterprises.

The requests for transport operations must be prepared by the sovkhozes and kolkhozes themselves and not by someone at a higher level.

These requests must be prepared based upon the volumes of impending transport operations. Requests which are unjustified in terms of the number of motor vehicles needed must be discontinued.

A need exists for developing an economic interest in all partners participating in harvesting-transport operations in achieving more efficient use of their motor vehicles and reducing expenditures to the maximum possible degree. This includes increasing the payments to those personnel who achieve a reduction in the amount of transport equipment being brought in to aid in the work.

In discussing purely economic affairs, we must not overlook the ecology. We must save the land that feeds us against wheels which destroy its fertility. This problem touches upon our morals—we must give thought to the future generations.

Today the harvest period is in full swing in the republic. Thus it is already rather difficult to introduce substantial corrections into the organization of the harvesting-transport processes. But this is not the last harvest season. Thus, in order to bring about radical changes in the status of affairs in crop shipments in the future, we would do well to summarize the results of the 1988 harvest and particularly from the standpoint of today's discussions.

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## BUILDING MATERIALS

### Cement Industry Under New Economic Mechanisms

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Jul 88 pp 3-4

[Article by V.I. Nagayets, party committee secretary of the Novorostsement Combine, and S.A. Titov, chief economist: "Working Under Conditions of Cost-Accounting and Self-Financing"]

[Text] In 1987, preparation was under way for the transition to full cost-accounting [khozyastvennyy raschet], and we tried to use this period as effectively as we could to ensure technical and economic smoothness of production.

February 1988, when at the beginning of the month two plants stood idle for 4 days each and two others had work stoppages due to a natural calamity, was a real test of the psychological and technical readiness of the collectives of enterprises for stable operation. The lag behind schedule was 47,000 tons of cement as of 7 February. However, the combine completed the state order for output of cement.

The power services of the kray and city helped us by not limiting the plants' consumption of gas and electrical power.

As soon as the hurricane was over, the labor collective soviet of the combine discussed the situation and outlined specific measures for putting the equipment in operation as quickly as possible and also for making up the output of cement.

The labor collectives carried out the set task.

The combine attaches great importance to the economic training of personnel in the new method of economic management.

In 1987, instructors of the All-Union Institute for Improvement of Skills of Supervisory Personnel of the USSR Ministry of the Construction Materials Industry conducted a 5-day seminar for propagandists of all forms of instruction.

Certification of propagandists for economic training was conducted in February-March 1988. We are planning to check the knowledge of all engineering and technical personnel and office workers of the principles of full cost-accounting.

During the course of preparing for the report for 1987, an in-depth economic analysis was made, and shortcomings in work were identified. Effective steps were taken to eliminate them, and measures were developed for

1988 for improving accounting and control, observing the rate of consumption of fuel and energy resources, and strengthening financial discipline.

Questions related to the calculation and establishment of standards for the distribution of profits and formation of economic incentive funds before 1990 have been resolved jointly by the USSR Ministry of the Construction Materials Industry and the Cement Industry Main Administration [MA]. The combine has no complaints about the material incentive and social development funds.

However, we regard withdrawal of 40 percent of the depreciation deductions into the ministry's reserve fund as a violation of the combine's economic rights under self-financing.

It is possible that a comparatively young enterprise will not feel this withdrawal initially until the depreciation period of the equipment expires. But about 60 percent of the industrial equipment is operated for longer than the standard periods, and we must work constantly to replace it or upgrade it.

Thus, for 1988 the need for funds for technical development is 9.4 million rubles. The fund for development of production and new equipment has been established according to norms only in the amount of 5.7 million rubles, and counting the carry-over surplus not used in 1987—6.4 million rubles. The shortage of 3 million rubles is exactly what was withdrawn from the depreciation fund.

We believe that the accepted standard for establishing the production development fund should be set differentially, taking into account the condition and wear of the fixed assets of enterprises. Otherwise, by forcing us to resort to large credits, the Cement Industry MA is artificially creating serious financial difficulties for the combine in the near future in implementing the technical development program.

We are preparing for the transition to collective contract in cooperation with the Center for Scientific Organization of Labor of the USSR Ministry of the Construction Materials Industry. This work is being completed, and the Regulations for Collective Contract at the Combine have been developed based on the Standardized Regulation, with specific economic considerations for the Proprietary Plant.

On 1 April 1988, this plant and the repair and construction administration converted to collective contract; the remaining plants and subdivisions switch on 1 July. The contract with the Cement Industry MA will be concluded in the second half of the year.

Many questions about pre-contract conditions were raised during the course of preparations for concluding the contract between enterprises and the combine. The

Proletariy Plant collective reasonably ask the question: "Who will bear economic responsibility for disrupting the schedule of supplying of vessels for shipping cement for export in accordance with the plan for its production?" We are readdressing this question to the USSR Ministry of the Construction Materials Industry.

The essence of the question is not so much in responsibility as it is that, under conditions of full cost-accounting and collective contract, completion of the state order for production and deliveries of products, particularly for export, must be realistically ensured.

The Stroymaterialintorg All-Union Association [VO] of the USSR Ministry of the Construction Industry had firmly assured the combine that the situation with the supply of vessels will be improved in 1988, but in practice nothing has changed. During the first 2 months of 1988, the plan for bulk shipment of cement for export in vessels was only 75 percent fulfilled; 39,000 tons were not shipped due to the lack of vessels. The situation was the same in March: the loading plan was 81,000 tons, but the vessel supply schedule reported to the combine was only for 67,500 tons.

We have talked repeatedly at various levels about practical planning of export deliveries and about its price from an economic and psychological standpoint. However, the preliminary order for 1989 has been increased by 25 percent relative to 1988 deliveries.

Apparently, perestroika has not yet embraced the Stroy-materialintorg VO.

In concluding the contract with the Cement Industry MA for collective contract, the labor collective council of the combine has obliged the general director to stipulate complete material responsibility of the Stroymaterialintorg VO for the failure to supply vessels.

Material and technical support is a most important issue. The enterprises are guaranteed by law complete supply of the necessary material resources for production and delivery of products for the state order and products produced over and above the 5-year plan which are centrally distributed.

The state order to the combine for 1988 exceeds the 5-year plan for this year by 118,000 tons; in addition, an additional target has been established for producing 220,000 tons of cement which are distributed by the USSR Gosplan Cement Industry MA.

Allocated funds for fuel and lubricants, for example, do not meet the combine's needs even for fulfilling the state order. The allocated limit for gasoline is 72 percent of the amount needed, and for A-72 grade gasoline it is 43 percent. Only 20 percent of the amount of motor, turbine and hydraulic oils are supplied by the funds, and the 39 tons of grade "A" and MG-30 hydraulic oils have not been allocated at all.

We are experiencing a critical shortage of motor vehicles for intraorganizational work, small-scale mechanization equipment, vehicle tires and tubes; that is, there is no complete fund supply and also no wholesale trade.

Preparations have been completed at the combine for converting workers to increased wage rates. Between July 1987 and February 1988, work was carried out to regroup wage rates and certify work places, which made it possible to align the categories of jobs and workers; there were no complaints.

The wage structure has been reviewed: the relative share of the rate in overall earnings has increased; individual supplementary payments which have not proven effective have been eliminated; and regulations on labor incentives have been reviewed. Payment of bonuses is linked to the end results of the collectives' labor. Bonuses and extra earnings within brigades and sections are distributed according to the labor participation rate.

On 1 February 1988, about 750 repairmen were switched to the new wage system. The wages of this category of workers were increased an average of 10-40 percent, depending on the vocation and the category conferred, which makes it possible to some extent to fill positions and improve the quality of repair of cement equipment. On 1 April 1988, all workers of the repair and construction section switched to the new wage rates.

In late 1988, the maintenance workers of all plants and shops will have been switched to the new wage system. Materials have been prepared to calculate their wage rates and structure. The combine must create an additional fund of about 700,000 rubles for this. We had half this amount as of the beginning of 1988. We intend to earn the second half by the end of this year so that we, obviously, will complete the transition to the new wage rates and salaries in 1989. We will receive part of the additional funds by releasing workers, including administrative workers.

The main source of accumulation of funds is the increase in production volume. We are deeply interested in fulfilling the ministry's additional target. But in the first quarter, the combine produced only 10,000 of the planned 40,000 tons of cement due to the natural calamity.

Future work and results will largely depend on the stability of providing the combine with material and fuel and energy resources.

Unfortunately, even at the present time there is a tendency towards limiting the independence of labor collectives and their rights, particularly in the area of planning.

According to Article 10 of the Law on State Enterprise (Association), the state order is issued to enterprises for the delivery of the types of products needed to carry out social tasks and is distributed centrally.

However, in addition to deliveries of cement, the state order for the combine includes 60,000 cubic meters of stone without issuance of job authorizations for fulfillment. This is not a grading product, but is a by-product in nature. We believe that deliveries of stone should be eliminated from the state order.

The 5-year plan has not for the time being become the main form of planning and is not stable. For example, the profit plan for 1988-1990 was changed three times for the combine: in November and December 1986 and in August 1987. In essence, the state order approved by the USSR Ministry of the Construction Materials Industry is the main form of planning. The quota for 1988 under the 5-year plan is 4,662,000 tons; under the state order it is 4,780,000 tons.

According to the Law on State Enterprise (Association), target figures are a guideline in developing the 5-year plan and lose their importance after approval of the plan.

However, in late February 1988, the combine received new target figures for cement production for 1989 and 1990, and they exceed the figures approved by the 5-year plan by 360,000 tons each year.

Can this be called scientific planning? You do not know what to strive for: fulfillment of the target figures of the 5-year target, the state order, or some new target figures for the coming years?

Economic standards are also changed after they are sent to the enterprise. Thus, on 25 August 1987 the USSR Ministry of the Construction Materials Industry informed the combine by letter of the standard (in the amount of 60 percent) of establishment of the development fund of production and new equipment from 1988-1990 depreciation deductions intended for complete restoration of fixed assets.

However, in December 1987, this standard was decreased to 50 percent, and the new decision was justified by reference to the USSR Law on State Enterprise (Association).

At the All-Union Trade Fair in 1987, the combine concluded contracts for delivery of 1,300 tons of cement in 1988 in small 5-kg bags. But already on 4 February 1988, it received a quota from the Cement Industry MA for delivery of 5,000 tons of binder in small containers. It did not provide packaging machines, packaging, or motor vehicles for delivering this amount of cement to the consumers.

We will not get the packaging machine until September. It virtually will not operate until 1989. Is it reasonable to fill 5,000 tons manually? Who compensates us for the drop in labor productivity and the overexpenditure of the wage fund for this operation?

The rights of enterprises in fulfilling above-plan production are limited: all above-plan cement is distributed in a centralized manner, and group job authorizations have already been issued to the combine for most of it in 1988 for the Northern Caucasus region (for 200,000 tons).

This is clearly pressure on the collective for above-plan product output to supply nearby regions. Obviously, they figure that local party bodies will not permit the combine to leave the kray enterprises without cement. This policy is not in compliance with the Law on Enterprise (Association).

The commitments of the combine's collective to produce 31,000 tons of cement above the plan by the opening of the 19th Party Congress have been overfulfilled. In 5 months of 1988, more than 43,000 tons of binder have been produced above the plan.

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## POLICY, ORGANIZATION

### Restructuring Wage System To Promote Goods Output Urged

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INDUSTRIYA in Russian 18 Aug 88 p 1

[Article by V. Kharkhardin, candidate of economic sciences, deputy subsidiary director of the NPO "Agropribor," and Ye. Rubinshteyn, candidate of economic sciences, docent in the Polytechnical Institute, both of Saratov: "How To Force the Ruble To Do Its Job"; first paragraph is SOTSIALISTICHESKAYA INDUSTRIYA introduction]

[Text] A more precise mechanism for distribution of the national wage fund is needed to make up the shortage of consumer goods. In the opinion of the article's authors, this would help to reorient the economy in the direction of social welfare, an aim outlined by the decisions of the 19th All-Union Party Conference.

The predominant growth of the branches of Group A over the branches of Group B was relevant in the twenties and thirties, when the foundation of the country's economic independence had to be laid on a virtually empty site in a very short time. But today Group A has in its development left its junior partner far behind. According to the statistics, almost three-fourths of all industrial capacity, the lion's share of the up-to-date stock of machine tools, and the most highly skilled personnel are concentrated in it. Finally, labor is most highly mechanized and automated in that group.

This is not, of course, enough to perform tasks on the order of "catching and passing" America. It is simply inadmissible not to see that the capability of enterprises in Group B, in the nonproductive sphere, is substantially smaller. After all, it is they who have been given the most difficult duty of providing the food, clothing, footwear, education, and health care for hundreds of millions of people.

The gap that has formed might be substantially smaller if branches in Group A, when the accumulation of the branches in Group B comes to them like grain to be ground into flour, made a more vigorous effort to help them develop. No, they have been mainly concerned about their own expanded reproduction. As Vasilii Selyunin rightly noted in his polemical remarks (on 5 January), it is this that has created serious economic disruptions and was one of the causes of the stagnation.

Sharing as we do this point of view as to the need for profound structural shifts in the economy, we would like to propose an altogether realistic practical strategy that in our view makes it possible to solve many problems over 1 or 2 FYP's. No, we are not calling for a boost to be given to what is a natural process or for leaving the

framework of the officially adopted conception of restructuring. It is enough to make full use of the main elements of the new economic mechanism.

Wages can be made an effective instrument of restructuring; as is well-known, they express the value of the socially necessary live labor. The national wage fund should be spent so that its distribution between the groups of producers unfailingly takes into account how rapidly the money given out is realized in the value of the end product.

One can speak of a "fast" and "slow" ruble. For example, the ruble paid to a kolkhoz member, to a worker in light industry or the food industry and the consumer service sector, is turned into the product or service of final personal consumption almost immediately. The ruble earned by those manufacturing means of production for the branches of Group B travels a longer road. But the road is longest for the money paid to people producing products for the branches of Group A or engaged in scientific development work.

The catch is that tomorrow's production, and consequently the potential of the economy, is shaped in the branches with the "slowest" ruble of wages, just as the foundation for goods on the market is laid by those who work with the "fast" ruble. Which is why a good joint has not been made. Our ardent desire to break through as rapidly as possible to a "bright future" has motivated and continues to motivate an increase in the share of "slow" rubles, which means tightening our belts. In this way we have been undermining the material foundation of the future. Think it over: by placing a disproportionate tax on branches producing goods for the people, we are actually applying the brakes to the economy. In light industry, for example, collectives give up as much as three-fourths of the profit they have earned. Why make an effort if so very little is left? And we know quite well where the drop in purchasing power leads. People lose interest in doing better work and working more efficiently. Including those who work in Group A. A vicious cycle is created.

In 1987 alone account balances in the Savings Bank grew by 24 billion rubles and represented 44.5 percent of the annual national income and 78.3 percent of the annual volume of retail sales. Yet this is not so much deferred demand, as some economists have been asserting, as demand that has been unsatisfied, that is, demand which has not been matched by an equivalent volume of goods.

If we are to escape this anomaly, we need in our opinion a precise mechanism for distribution of the national wage fund. We feel that one of the cornerstones of the new economic mechanism—the standard wage per ruble of output—must be preserved only for consumer goods. These are mostly products of enterprises in Group B and export enterprises. Only for them is there an economic justification in making the advance paid to live labor directly proportional to the volume of goods produced.

For other types of products a system of wage fund quotas should be established corresponding to the planned volume of production. We emphasize quotas on the fund, not on the individual wage, which must not be subject to a ceiling. There is no contradiction here. A thorough economic analysis can surely identify types of production activity for which it would be advisable to freeze or even reduce the planned wage fund.

We hear the objection: quotas are nothing other than the administrative approach which the authors themselves are objecting to. However, we should not cast away this rudder for managing the economy beforetime. However bad the system that has taken shape, and however good the system that is now being popularized, it is unreasonable at the very least to simply scrap the present system all at once and chuck it on the trash heap.

In the alternative being proposed the principal source of income for workers and specialists would be the rise of labor productivity. This is possible only if the level of mechanization and automation of production is raised, if technology is improved, if the size of the labor force is reduced, and so on.

Enterprises in Group A are mostly capable of that kind of spurt. It would not be a shock for them to institute the quotas. And society would get not an unrestrained and frequently nonsensical growth in the volume of production, but the quantity of products really needed and at the necessary level of quality.

We can foresee here a substantial outflow of personnel into the branches of Group B and the service sector, which is of considerable significance. It will become possible to use the available labor resources in other directions. First of all, to manufacture the consumer goods which are in short supply, and second, to manufacture products on order for outside parties, including parties abroad who are able to pay. These might also be orders for machines and equipment submitted by enterprises in Group B, which have been setting aside a portion of the wage fund to pay for them.

The needs of the branches in Group A for new products to be used in their own production will be met thanks to the application of processes that conserve resources. As a matter of fact, once the list of products, prices, and the wage fund are known, assuming the rates of material costs and labor inputs are fixed, the production cost can be reduced and consequently wages increased only by replacing the processes in place by more economical and productive processes.

However, in the context of the trends which have been outlined toward creating multisector integrated economic complexes, their managers must have the power to shape wage funds in different ways for the various product groups. This makes the enterprises more resilient and flexible as market conditions change.

Institution of differentiated distribution of the national wage fund would in our opinion make it possible over 3 to 5 years to build up an adequate supply of commodities and at the same time achieve planned and proportionate development of the capital goods branches of the economy (Group A and the scientific sector). Taking this approach, we would have an economic regulator that guaranteed the highest growth of the productivity of labor in all sectors of the economy, and that moreover would be a productivity that precluded a growth of output simply in order to augment its physical weight. The purchasing power of the ruble would be noticeably stronger.

Revamping the structure of the economy will result in more dynamic development of sectors and branches in which the "fast" ruble is operating, and that means it would saturate the market with goods. Which means neither too much nor too little—and present retail prices would stabilize or even drop. In branches and sectors with a "slow" ruble, assuming rigid regulation of the share of the wage fund in the production cost, the share of live labor will not grow, and consequently the principal prerequisite for the rise of wholesale prices will also disappear.

Surely we would not be so bold as to present our proposals at the national level if one of us had not already tried them out at the "Nara 88" Symposium, whose proceedings were under the direction of L. Abalkin, member of the academy. The paper aroused interest. We understand that adoption of a system of differentiated distribution of the national wage fund is no simple matter. But it is a soluble problem. At the national level and without putting the job off for subsequent FYP's. If industry makes the transition to the new economic conditions without adoption of such a system, then the country, it seems to us, will feel even more painfully the consequences of the adverse trends which were vividly described in the polemical remarks of V. Selyunin.

07045

**Economist Supports Changes in Pricing Policy**  
*18270078a Moscow TRUD in Russian 14 Jul 88 p 2*

[Article by Ye. Yasin, doctor of economic sciences, professor: "Prices and Incomes"]

[Text] Disputes about prices are not dying out and it seems that they are just getting started. This is not surprising: we are speaking about something that affects everyone. The forthcoming price reform is a most important element in the changeover to the new system of management. The resolutions of the 19th Party Congress emphasized that the reform will be conducted after nationwide discussion and with one condition: the well-being of the people and their standard of living must not

suffer. The goal of the restructuring is the good of the people and it must be conducted in such a way that it depends on the support of the majority and does not drive people away.

The basic positions have also been determined in this issue. One point of view—it is shared by many scientists, financial experts, and price specialists—asserts that prices for foodstuffs should be raised. The lower prices for meat and dairy products require more and more expenditures from the state budget and do not reflect the real supply and demand. The shortage makes it necessary to divide up the supplies and thousands of people go to Moscow and certain other cities that are allotted meat more generously.

There is also another viewpoint—it has proponents among scientists as well, but it is mainly favored by consumers. They assure us that prices have already been raised repeatedly and this has not led to balance or growth of production but has only covered expenditures that are increasing beyond all measure.

Plans are maturing in the departmental offices. We do not know anything specific about them yet. But there is already experience that suggests that when these plans go through a certain number of levels of authority their implementation can become essentially irreversible even if there is widespread discussion later. Therefore I wish to express my opinion.

First. I am deeply convinced that the prices should reflect the ratio between supply and demand, for only under this condition is it possible to overcome the shortage and increase the effectiveness of production. Therefore I consider it necessary to increase prices for food products. It is equally important to gradually reduce budget subsidies to a minimum: in essence this means support for enterprises and farms that are operating at a loss.

Second. Such an increase in prices, even with complete compensation to the population for all the losses entailed, will produce an effect. It consists in normalizing the structure of consumer expenditures. If prices are established arbitrarily and do not react to supply and demand, the demand is deformed. It is switched from products that are in short supply to others which also come to be in short supply. A comparison of our family budgets with the budgets, say, of citizens of the GDR and Czechoslovakia shows the great distortions. Without the opportunity to satisfy the effective demand for housing and durable goods, we switch it to clothing, footwear and fabrics—is this not why, for example, people are prepared to pay any kind of money for glad rags from overseas?

Third. The entire question, however, is how the prices are raised. Let us assume that this variant is used. The prices for food products are increased once and the population receives compensation. So much per worker,

so much per pensioner, and so much per child. What will be the consequences? First of all, this reform will lead to a weakening of the economic incentive for labor. Significant sums will be simply given away. The poor workers will gain, the ones who do not strive to earn more. Budget expenditures will simply move from items of subsidies to the item of compensations. For a long time the economy will be choked by these payments. Finally, the large one-time increase for a certain group of products means that people will be forced to sharply change their customary way of life immediately.

The larger the scale of the price increases, the stronger the effect these minuses will have. If, say, the compensation is 15-20 percent of the average wages, obviously, the value of the workers' incomes will drop appreciably. Moreover, the capabilities of the economy are limited and the more that goes for compensation, the less that will remain for distribution according to labor. The incentives for growth of production and increased labor productivity will be weakened just at a time when we need to strengthen them.

It seems to proponents that a one-time price increase is a successful solution since it makes it possible to solve the problem in one fell swoop. But the speed with which the reform is conducted can by no means be regarded as an indicator of its radical nature. In reality a radical variant requires intercoordinated reforming of prices, wages, social security and also coordination with the strengthening of cost accounting and production, financial improvement of the economy, and significant development of credit.

Fourth. In my opinion the goal of the price reforms cannot be a reduction of budget subsidies in and of itself regardless of how important and immediate this goal may seem. A longer-range view is needed. The goal should be to eliminate the deformations in the structure of consumer demand and, more broadly, the way of life of the people. Here is our current model: low earnings—low prices—high proportion of paid goods and services. This model has been adapted to the economic mechanism of the past. The new mechanism requires a different model: any healthy able-bodied person receives the opportunity to earn a good deal but he must also pay for all goods with the exception of the minimum of social guarantees conditioned by the capabilities of the economy.

Fifth. We have the most difficult moment before us—the changeover to the new economic system. In order to implement it we need material and financial balance of the economy. Certain people speak in the spirit that the shortage should be eliminated with the savings of the population, that they somehow suppressed the market. But in order to substantiate this measure they began to look for proof but the largest deposits have been made by scoundrels.

This is not true. In fact the population's savings in a saving bank or in their stockings are a kind of sedimentation tank where a significant share of monetary surpluses ends up. Even if it were eliminated and, as it were, the water were released, but we did not fill in the hole into which it is constantly flowing, soon everything would return to where it was. But if the hole were filled in then the reserve and the reservoir would not be so important. What is necessary to do this? The first thing is complete and strict cost accounting. Not the kind we have now whereby nobody is bothered and nobody loses earnings. The collective contract, rent and cooperation produced the kind of cost accounting we need.

Why have price increases never yet led to increased production? Because increased incomes have rarely given the producers products that are in short supply and if they have, they have been utilized in some way. For the hole was open and the state paid all of its obligations, including to those enterprises that were not working effectively. Only the state's refusal to pay into the accounts of enterprises can make them sensitive to the dynamics of prices and force them to search for orders and think about the consumer. Herein lies the essence of the program for financial improvement of the economy.

Taking what has been said into account I shall allow myself to propose my own variant of a solution to the problem. Retail prices for food products are raised to a level that corresponds to the supply and demand, but not all at once, but in two or three stages so as to avoid the sharp changes in the structure of consumption and make it possible for the population to adapt to the changes. At the same time it will be possible as things progress to adjust the measures that are conducted in the event of various undesirable consequences. Perhaps the introduction of cost accounting, the rental contract and the development of cooperation will reduce expenditures and a subsequent increase will not be necessary at all. The reform should not encompass food products alone. It is necessary to significantly reduce products for light industry and other items, especially those which are admittedly of poor quality. But at the same time the "commodity resources" that are to be distributed according to labor should include housing and other goods that are today granted free of charge or at reduced prices.

In spite of its gradual nature, all this would mean an increase in family expenditures. But this should not be covered by direct compensation from the budget but primarily through the growth of earnings, pensions and stipends. How? The fact is that more mobile prices are incompatible with the inflexible, excessively centralized rate system. It is necessary to make the system more flexible. State regulation of wages should be carried out through economic normatives, taxes, and also by means of establishing the rate of the minimum earnings and the system of rate coefficients. The minimum should be increased as the price index grows. That is, if the prices grow the guaranteed minimum wage will also grow. But

actually earnings depend on the incomes of the enterprises and the rules for their distribution that are accepted by the labor collectives. With such a system it is easy to bring wages in line with the dynamics of the growth of prices.

Taking price changes into account it is necessary to increase pensions and stipends and to introduce a system for increasing them in keeping with the growth of the price index as for the minimum wage. A significant share of the funds released because of the reduction of budget subsidies to producers should be used to increase stipends for children: this will ease the problem of supporting families with many children.

All these measures would mean a parallel growth of incomes and expenditures of the population. And the expenditures on various groups of commodities and services would change in different ways, as a result of which we could eliminate the deformations in the effective demand and create conditions for balance of the consumer market.

Of course I do not insist that this is the best variant. Probably competent departments will suggest a plan that is better-thought out and, the main thing, comprehensively calculated. But it should be raised for nationwide discussion before it is approved, even preliminarily, in the government. Let the departments speak for themselves, without this protection of authority. And in competition with other variants.

11772

#### **Success of ESSR Trade Complex Experiment Described**

*18270080a Moscow PRAVDA in Russian 16 Jul 88 p 2*

[Interview with Yu. Kraft, Estonian SSR minister of light industry, by V. Shirokov]

[Text] Three and a half years ago an experiment was started in Estonian light industry. They created a commercial-industrial complex that included enterprises, bases, planning-construction organizations and firm stores. During this time the increase in the production of consumer goods amounted to 16.2 percent—more than twice as great as the average for the country. Profit increased by 23-24 percent. The quality of knitted items of the Marat Association, the Baltika and imeni Klementa and others is well known not only in the Soviet Union but also abroad. It is no accident that business people from socialist and capitalist countries are happy to cooperate with the republic organizations of the Ministry of Light Industry and are creating joint enterprises.

[Question] The Estonian experiment has already proved its viability and many of its elements are being utilized widely in related branches of other union republics. But what next, what will be the next step?

[Answer] "We are preparing to create a concern," the Estonian SSR minister of light industry, Yu. Kraft, answered this question.

I must admit that the word made me a little uneasy: it smacked of some kind of "wild shark of imperialism," it "harkened back to Wall Street," the "financial-industrial octopus...."

Yuriy Andriasovich smiled:

During the NEP years they were not afraid of trusts or syndicates or concessions or corporations—the essence is not in the verbal expression; the essence lies in the economic content, in the unification of economic interests. A socialist concern is "planned" by us, it synthesizes the interests of industrial and trade enterprises and supply, construction and scientific organizations. The financial driving force and the guarantee will be the commercial bank that is part of the concern. To put it in more detail, the concern will be composed of our state industrial enterprises (associations), wholesale and retail trade organizations, the supply administration, small production and service enterprises and cooperatives, planning-construction firms and organizations, for example, the planning-design bureaus of the Maynor management system.

In keeping with the new general schema for management of the republic's national economy we are now creating a State Committee for Industry which will include three ministries and certain enterprises. The management staff will be reduced significantly. Under these conditions we cannot allow for our experiment which has begun so successfully to "dissolve" in the new management schema and lose face. Our concern, which is created on the basis of the republic ministry of light industry, is intended to provide the necessary goods for Estonia, to increase its contribution to the unionwide market, and to accelerate the introduction of the achievements of scientific and technical progress throughout the entire cycle of production, sales, and consumption of high-quality goods. The socialist concern as a qualitatively new type of organizational form will require the creation of completely new structural units: the commercial bank, the foreign trade firm, the international center for wholesale trade in means of production and light industry goods. Only the creation of the structural units can provide the actual conditions for changing over to commodity-monetary relations and methods of economic self-management within the concern. And this corresponds directly to the task set in the report by General Secretary of the CPSU Central Committee M. S. Gorbachev at the 19th All-Union Conference of the CPSU—in short periods of time to create a modern and powerful industry for the production of consumer goods."

I asked the minister what seemed to me to be an "insidious" question:

[Question] The concentration of all these subdivisions in one concern entails the potential danger that it could

become a monopoly and this is disadvantageous for the consumer, who does not know of any way to escape the dictatorship of the producers in any case....

Yu. Kraft has no doubts here:

[Answer] Previously, before our experiment, it really did not make any difference to us whether there were commodities in the stores or not. Our business was to fulfill the production plan and that was all. But today, when the responsibility for saturating the market with goods lies with us, we are searching actively in all directions. First and foremost we are striving to study the demand deeply and comprehensively, and to operationally readjust our lines for producing fashionable and modern items. Moreover, through various channels we are increasing the commodity exchange with other republics and purchasing items from socialist and capitalist countries through cooperation and commodity exchange. Thus during the first 5 months of this year we managed to sell products from the sources in an amount of 14.2 million rubles in excess of the republic market supplies. What is wrong with this kind of "monopoly"? The concern's work according to principles of self-recoupment, complete self-financing, and self-management forces us to work harder and more enterprisingly.

[Question] How do you envision the management of the concern?

[Answer] The highest agency will be the concern council. It will include managers of enterprises, representatives of gosplans of the country and the republic, the Estonian Council of Ministers, the Ministry of Finance, the Estonian SSR Gosstab, and the director of the concern's commercial bank. The council will determine the strategy for development and the amount of the state order, it will be in charge of the republic's market fund, the volume of exports, target comprehensive programs for development for radical updating of products, the technical and technological base, specialization and cooperation of production, interrepublic and international cooperation, the development of a network of small enterprises, and so forth.

[Question] The new formation in the concern's system is the commercial bank. What are its functions?

[Answer] This bank will be a kind of joint stock company whose basic capital will come from money obtained from the distribution of shares among enterprises, organizations, and cooperatives of the concern. It will provide financing and credit for enterprises and organizations of the concern, it will guarantee prompt settlement of accounts with the budget, and will participate jointly with the banks of socialist and capitalist countries in the financing of joint enterprises.

The fact that the shares will be sold to the same enterprises in other union republics that deliver us raw

materials, processed materials and equipment will also contribute to strengthening economic and international ties. Thus they will be more interested in improving quality and making deliveries on schedule—for the better our concern works, the higher the dividends they will receive from their stocks.

In order to increase the material interest of the workers of the concern's enterprises themselves, the bank will issue bonds and the interest on them will go into their personal income. The commercial bank will also be able to grant credit to workers of the enterprises, for example, for the construction of a cooperative apartment, a private home, a dacha or for a large purchase. Pensioners who previously worked at our enterprises will also be able to hold these bonds.

[Question] And something quite new for the republic is the formation of an international wholesale trade center as a part of the concern....

[Answer] Yes, that is an innovation. Now the enterprises and associations have opportunities for extensively entering the foreign market, arranging direct foreign economic ties, and creating joint enterprises. We intend to fully take advantage of this right. In the first stage this center would help to form a permanent intraunion market for raw materials, equipment, and commodities from light industry in conjunction with all interested enterprises and departments. And a little later it would be possible to participate in the creation of an international specialized trade exchange among enterprises of the CEMA countries and Western firms.

Such a center could be a powerful lever in saturating the market with goods. It should study the market conditions for raw materials, processed materials, equipment, and light industry goods, and also the demand for all this, and attract as shareholders commodity producers from other regions of the country and other countries of the socialist community, arrange direct ties among enterprises, conclude long-range and seasonal contracts, carry out comprehensive commodity exchange transactions, and be in charge of trade in raw materials, equipment and light industry items, including for convertible currency and currency from other socialist countries. Of course such a center could not do without a powerful information computer base and a permanent exhibition hall with models of the goods that are offered.

[Question] As I understand it, this is working on the idea of the convertible ruble?

[Answer] Precisely. And this is not an illusion, but a quite realistic matter. It is a matter of the immediate future. Today, for example, we are producing almost 1.5 billion rubles' worth of goods. We could place 150 million rubles on the international market. And this is already, as they say, money in our pockets. That is, for these goods we can take out credit and use it to purchase

advanced technology and materials, to expand the output of modern items that are in demand, and to improve their quality. This means that we will again correspondingly increase the proportion of goods that are produced for export. The time will come when all of our goods will meet the requirements of the international market and hence we will bring the ruble up to the level of convertibility. Incidentally, why should other enterprises and branches not take the same path—after all, this is the only way we will strengthen and increase the significance of our Soviet ruble.

[Question] Will this "export" orientation not have an effect on the fact that the stores in the republic itself are going without?

[Answer] Not at all. Bringing technology up to the level of international requirements will necessarily have an effect on the quality of the goods in our stores as well. And, moreover, well-arranged commodity exchange with other republics and socialist countries will enrich our stores even more. For even the first steps of our experiment showed the mutual advantage of this approach. We have now arranged good ties with enterprises of Hungary, Poland and Czechoslovakia for fabrics, sewn and knitted items, and footwear.

Moreover, we are counting on making the local soviets of people's deputies interested in the success of our activity as well if we turn over some of our profit to them. Today they are not at all interested in the construction and maintenance of our enterprises on their territory. They get nothing from this but extra troubles and unpleasantness. But if some of the money goes into their "pocket" and they themselves "earn" money for the development of the social infrastructure and ecological protection, then that is a different matter and they will accept us with open arms. Enterprises of our concern could provide up to 50 percent of the revenues for the budgets of the local soviets. In general, the country's Ministry of Finance should probably think about this idea—its time has come, it was expressed at the All-Union Party Conference, and it should be realized, thus strengthening the material awareness of the soviet agencies.

I shall also add that our concern will stimulate the interest of the soviets in delivering the best goods from the enterprises to the local stores.

In general, in my opinion, today, when the 19th All-Union Party Conference has set for us precise and clear goals, when the hands of economic executives are largely tied, we must display more independence, ingenuity, and enterprisingness.

And really. How long can we keep going to Moscow with our hands stretched out? It is time to earn our own money, to provide clothing and footwear for our own people. And the import label should not cause a hullabaloo and our goods should be just as high-quality, as well made and as elegant.

[Question] In February of last year when M. S. Gorbachev was in Estonia after visiting the Marat Knitwear Association he said that both the leaders of the association and the minister have felt they have made a very good impression on him as people who were engaged in their work and were capable of carrying it out energetically. But they too need the appropriate assistance and support.

[Answer] Mikhail Sergeyevich's words, answers the minister, are not an indulgence given to us before our pension but a direct summons to courage and risk in further actions. Correspondingly, they motivated us to take the second step in the experiment. And now we really do need help and support. The idea of creating a socialist concern in light industry is new and not everyone is accepting it yet. But we have worked the plan through thoroughly, discussed it in detail and carefully weighed all the pros and cons. All we are waiting for is the "okay."

[Question] Where?

[Answer] In Moscow....

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### Results of New Reforms in Textile Industry Summarized

18270077 Moscow TEKSTILNAYA  
PROMYSHLENNOST in Russian No 6, Jun 88 pp 3-6

[Article by A.A. Kotova, candidate of technology and deputy chairman of the RSFSR Gosplan: "Enterprise Operations in a Full Khozraschet and Self-Financing System Environment"]

[Text] Since January of 1987, enterprises of the RSFSR Mintekstilprom [Ministry of the Textile Industry] have been operating in a self-recoupment and self-financing system environment. They now have more freedom to do their own planning, set prices, and use their own funds both for retooling and upgrading working and living conditions. In addition, profit and bank credit have been given a greater part to play in helping plants expand and improve their economic posture.

As part of its preparation for the transition to the new economic environment, the RSFSR Mintekstilprom has been working on organizational, economic, and methodological issues, as well as the training of personnel. If we look at enterprises' activity during 1987, it is clear that the new economic mechanism has helped upgrade worker performance in such areas as: keeping the end user in mind; trying to use resources effectively; conducting operations involving earned revenue with a high degree of scrupulousness. This in turn has yielded positive results in other areas. The Plan's quota for key goods output was filled (although this was not the case for linen and burlap cloths); the output growth rates for most products were higher than the yearly averages for the

11th Five-Year Plan and 1986; and the production of high-demand goods has risen. The first-time production of improved-quality "N" index goods and high-popularity items that succeeded in being sold at contract prices was 6.4 percent higher than in 1986, while the output of high-popularity items increased by a factor of 6. "N" and "D" index goods accounted for 23.7 percent of the total consumer-oriented output, and 47.2 percent of the certified output. Deliveries of consumer goods at retail prices rose by 4.7 percent. The entire increase in output was obtained through raising productivity. The production of cotton prints and satin materials from low density yarns increased dramatically, and the technology for making mixed waterproof fabrics has become a manufacturing reality. More than three million meters of angora coat material has been woven, and factories have begun producing knit goods using suede, velour, and velveteen, as well as coarse wool.

Producers have updated the following percentages of the goods indicated below:

Fabrics—17.8 percent; Knit outerwear—50 percent;  
Knit undergarments—30 percent

Mandatory state certification is now required at 11 RSFSR Mintekstilprom enterprises, eight of which have met the schedule of deliveries under contract specified in the Plan. On the average, the percentage of produced goods to pass inspection on the first try has risen to 93.2 percent, although it is 100 percent at the enterprises within the S.M. Kirov Thread and Spinning Complex and at the E. Telman Industrial and Precision Fabric Complex.

Efforts to shape and study textile demand have made progress, as have efforts to advertise goods and expand the network of factory-run stores. Currently, there are 26 such stores operating within the ministry's system, with four projected to open in 1988.

The high-performance products quota was met, and 600 new manufacturing techniques were instituted, including 70 that were designed to help conserve raw materials.

Wastage and remainders dropped by 7.9 percent, while enterprises experienced a 50 percent drop in what they owed banks and suppliers. In addition, the shortage of operating funds abated.

In 1987, resource conservation programs permitted the industry to conserve amounts of raw materials in excess of those prescribed in the Plan. Fifty six percent of the increase in output can be attributed to this conservation effort. In addition, almost all waste production is being utilized. Eighty six percent of the waste from the spinning industry is processed at enterprises that are part of the parent ministry, while 14 percent is shipped under contract with agencies involved in materials supply and

logistics. More than 80 percent of loose scrap is reprocessed in consumer goods agencies' shops. The linen industry has increased the amount of low-quality short linen and synthetic fiber goods it is reprocessing.

Work is underway to reduce average yarn thickness as a means of cutting materials usage. In 1987, the savings obtained in this way were 0.6 percent in the cotton fabric industry, and 4.9 percent for woollens.

Enterprises within the following organizations are operating successfully in the new economic environment: Ulyanovskpromsherst [Ulyanovsk Wool Industry], Vladkhlopprom [Vladimir Cotton Industry], the Barnaulskiy Mixed Fiber Complex, the Kirzhachskoye Silk Manufacturing Association, the Moskovskoye Cloth Manufacturing Association, the Bryanskoye Worsted Goods Manufacturing Association, the Ishimbayskaya Socks and Stockings Factory, the Syktyvkarskaya Non-Woven Materials Factory, and others.

However, the full potential of the industry in the new economic environment is not being utilized, and the quality of management at enterprises and associations has had a serious effect on performance. At facilities that have thoroughly studied the new economic system and identified the goals of each organizational unit, quotas are being met, deliveries are being made, profit is rising (bringing production enhancement funds with it), and the steps necessary for expanding production and solving social problems are being taken. Among the cotton industry enterprises in this category is the Cheboksarskiy 60th Anniversary of the USSR Cotton Cloth Complex, which has completed its deliveries schedule in accordance with the Plan, generated 6.3 million rubles (9.3 percent) over its profit quota, and thereby increased the size of its production enhancement fund. Yet the Barnaulskiy Cotton Complex, which was 4.1 million rubles (2.7 percent) short of meeting its delivery quotas under the Plan and 8 million rubles (32.6 percent) below its profit quota, saw profit growth rates drop by 26 percent.

Among the woollen industry facilities to see great improvement was the Leninsk-Kuznetskiy Worsted Fabric Complex, which became a profitable enterprise. In 1987, it met its delivery quotas under the Plan, sold 4.1 million rubles worth of goods over the projected level, obtained an additional 3 million rubles in profit, and completely ceased production of money-losing and low profit items. This in turn had a beneficial effect on the size of plant's production enhancement fund. But another enterprise—the Klintsovskoye Thin Cloth Association—fell short of its delivery (98 percent was attained) and profit quotas under the Plan, and saw a drop in these indicators relative to the previous year's figures.

All Ulyanovskpromsherst enterprises fulfilled their delivery contracts. Overall, the association met its profit (100.9 percent) and profit growth rate (110.6 percent) quotas. Yet the Rospromsherst [RSFSR Wool Industry]

Association was 0.4 percent short of its delivery quota under the Plan and 8.2 percent off its profit quota, despite the extremely favorable marketplace for woollen yarns and fabrics.

Within the linen industry, Vladlnoprom [Vladimir Linen Industry] enterprises continued to operate steadily, meeting delivery, profit (108.6 percent), and profit growth rate (116.4 percent) quotas. However, numerous Roslnopenkoprom [RSFSR Linen and Hemp Industry] enterprises were chronically below quota, with seven enterprises meeting delivery quotas at a 98.3 percent level, and profit quotas at a 95.3 percent level.

Because some enterprises still focus on old techniques and aggregate indicators, they continue to experience the same difficulties they experienced in previous years.

In 1987, almost one fifth of the enterprises in the RSFSR Mintekstilprom system failed to meet their delivery quotas, yielding a 193.3 million ruble (0.6 percent of the total) shortage of goods. The quota for actual product output volume, which has been specified by the Goszakaz [State Procurement Agency] since 1988, has been met by pushing the production of less labor intensive fabrics (packing, gauze, etc.) to higher-than-quota levels. Production quotas are not being met for such high demand fabrics as calico, satin, and terry cloth, as well as garment, gown, cotton, 100 percent worsted wool, coat cloth, and other materials.

Quality is still a problem. Last year, production of Quality Level 1 goods was down across almost the whole spectrum of products. Enterprises throughout the republic took special measures, with the result that 18 fabric and 23 knit good certifications were denied, the percentage of found defective items increased, and the number of items assigned lower quality ratings rose.

For the reasons noted above, enterprises lost 39 million rubles in profit.

Significant production losses resulted from unsatisfactory work design at some enterprises, wasted time, poorly trained personnel, failure to follow manufacturing procedure guidelines, and poorly organized operations.

Together, these problems kept the financial situation of many units from normalizing. More than one third (132) of the enterprises failed to meet the profit quota in the Plan, while some had indicators showing a drop against 1986 levels. The ministry as a whole failed to meet its profit quota, primarily because of fines paid by enterprises for non-delivery of the mix of goods specified contractually or the poor quality of what was delivered.

The fines paid by the Tulskiy Knit Wear Manufacturing Association for non-delivery of goods were ten times higher than those in 1987, causing serious problems with their production enhancement funds. But the Rostovskiy

Knit Wear Manufacturing Association managed to pay out only one half as much in fines as it received. The Rostovskiy association met its knit wear and socks and stockings delivery obligations at the 100.7 and 101.5 percent levels, exceeded the profit levels prescribed in the Plan by 20 percent, and increased its production enhancement funds by 127,000 rubles. We should note the great contribution management made to the task of reorganizing operations and operational units in the new economic environment; all the units of the enterprise are now focusing on final performance.

Textile enterprises have received financial assistance to help them make the transition to the new economic environment. They have been given deferments on delinquent USSR Gosbank loans and short-term credit to cover operating capital shortfalls, and sanctions against them have been lifted. However, not all enterprises have been able to take advantage of the slack they were given. Many managers still give too little weight to the financial mechanisms available for regulating economic activity, and fail to take specific measures to improve the financial posture of their enterprises. Instead, they continue to rely on outside help, which they use badly when they obtain it.

Some enterprises have been slow to change their attitude toward the utilization of available operating capital and reduction of excess product and materials inventories. As of 1 Jan 1987, excess inventory throughout the ministry represented a sum of 0.6 billion rubles. Had this inventory become economically active, it would have yielded a profit estimated in the area of 20 million rubles.

The khozraschet and self-financing system environment has profitable enterprise operation as one of its key elements. However, the unprofitable character of RSFSR Mintekstilprom enterprises has not changed, with the result that the financial posture of the industry has worsened. Last year alone, 14 enterprises lost money, the total of which was 50.3 million rubles (according to the Plan, only five enterprises should have lost money, and then only 4.4 million rubles).

Unsatisfactory financial performance has adversely affected the growth of production enhancement funds and reserves, which are necessary for solving socioeconomic problems stemming from growth. Annual performance resulted in 55 enterprises not being able to put money into their production enhancement funds.

In order for enterprises to operate in a full khozraschet environment, the khozraschet system must be standard at all levels of management, and in all shops, sections, and offices. At RSFSR textile industry enterprises, however, units within the enterprises are not making extensive use of khozraschet principles. Many of them use separate khozraschet indicators for evaluating the performance of various offices and specialists. For example,

some award collective bonuses using the KTU [not further identified] of artists, lawyers, and sales personnel as indicators.

The results of the financial activity at several enterprises show that legal and sales offices have not yet realized the extent of what they are responsible for, are not defending the interests of their enterprises in the new economic environment, and pay large fines because they have not set operations up correctly.

As the transition starts to be made from management of the economy by fiat to management based on economic principles, ministries and manufacturing associations become more responsible for organizing the economic side of the industry and creating an environment in which the principles of the new economic system can be implemented.

Standardized indexes have an important part to play. Standardized indexes for enterprises operating under equal conditions (and with equivalent degrees of technological sophistication and analogous product lines) should be the same unless outside circumstances change. Such circumstances might include production of a children's line, special orders, equipment sophistication, etc. Currently, the indexes used to determine budget contributions are not sufficiently matched to enterprises' potential, a situation which means production enhancement funds are being formed under unequal conditions. At facilities where indexes are higher, people work harder, while those working at facilities with lower indexes feel no incentive to improve.

At many enterprises, the standard indexes for the ratio of average wage growth to increases in productivity are not valid. For example, at the Rodnikovskiy Ivpromtekhnokan Cotton Manufacturing Association, which is using 92 to 94 percent of its spinning and weaving capacities and had an average wage of 186 rubles in 1987, the standard ratio is 0.12. Yet at the Znamya Truda [Banner of Labor] factory, which operates at 81 to 82 percent of capacity and has an average wage of 200 rubles, the standard ratio has been set at 0.43.

Also needed are changes in the way product mix policy is set. In addition, we have to study market conditions and be more flexible in the way our factories respond to changes in consumer demand.

Sales-oriented wholesale trade fairs met with serious difficulties in 1987-88. By late 1987, many of the contracts for delivery of silk, cotton, and linen cloths had not yet been signed, and as late as 1 Feb of this year, the enterprises within the ministry had not signed all their cloths delivery contracts.

To a great extent, upgrading and updating the product mix depends on coordination between the textile industry, light industry, and retailers, as well as on finding

solutions to the problem of poor communication among the industries involved in the production and delivery of modern equipment, high-performance raw materials, dyes, chemicals, and other materials. The effort to resolve this situation must address mutual interestedness and the necessity of meeting the people's need for products.

The new economic environment is not compatible with a system that gives enterprises their raw materials, supplies, and dyes. This is a critical issue.

At many enterprises, it will not be possible to replace low-demand cloths unless completely new manufacturing equipment is secured. At the same time, modernization and retooling are proceeding sporadically and at a slow pace. Plant is at a low technological level, with 24.3 percent of equipment obsolete or worn out and in need of replacement. The retooling of finishing factories has been slow, particularly in the cotton industry, and fabrics have thus not improved in appearance or consumer appeal.

The CPSU Central Committee Politburo, which met on 25 Feb 1988, studied proposals for retooling light industry, noting that to a great extent many of the problems involved in expanding the industry were caused by the lack of technological sophistication in the manufacturing and scientific areas of light industry. The Politburo approved a program aimed at accelerating scientific and technological progress in light industry. Plans for 1988-95 include increasing production and upgrading quality dramatically through retooling of plant and utilization of the latest equipment and technologies. (Pravda, 1988, 26 February)

One of the questions raised in connection with the new economic management environment concerns the utilization of earned monies. Enterprises are not always able to make full use of the money in their production enhancement funds because they are not given guidelines for dealing with contractors, cannot obtain construction materials, and face severe constraints in securing new equipment. For example, the Sixtieth Anniversary of the USSR Kalininskiy Cotton Complex in Kalinin used only 50 percent of its social development fund because it did not have adequate construction resources. The amount that became part of the city's construction effort was 260,000 rubles, or 4 percent of the total fund.

The results of operations in the new economic environment demonstrate that we must improve the economic machinery: we must clarify the product lists and shipment sizes for items procured under state contract; we must create and use standardized economic indexes; and we must give enterprises more latitude in distributing their remaining profit independently, using their production enhancement funds, etc.

Currently, the volume of state-procured production at most enterprises is set at the level of production capacities, thus depriving enterprises of freedom to move, making it more difficult for them to begin producing new

items, and keeping them from fulfilling their contracts reliably. In addition, the State Procurement Agency secures products made for internal usage, products outside a given area of expertise, and products made of waste materials. This situation must be rectified.

Deliveries designated by the State Procurement Agency for general economic consumption must not include production for consumption within the ministry; and deliveries designated by the State Procurement Agency for consumption at the industry level must not include production for consumption within enterprises [associations].

There are many questions about how to set prices. At this time, planning agencies are dealing with the key aspects of the state's procurements for 1989-90.

The difficulty of implementing a khozraschet system is that all internal and external factors must work on concert. Only in this way can enterprise performance improve in a full khozraschet and self-financing system environment.

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13189

## FOOD PROCESSING, DISTRIBUTION

### Consumer Co-ops Fail To Satisfy Food Demand in RSFSR

18270079a Moscow IZVESTIYA in Russian 19 Jul 88 p 2

[Article by I. Khaustov, sector chief for People's Control Committee of the RSFSR: "In the Reports and on the Counters"]

[Text] A surprising thing: the reports of the Rospotrebysoyuz and the written reports from its staff concerning the fulfillment of the plan stands in striking contrast to the commission trade stores. According to the reports the commodity turnover, for example, increased by almost 60 percent during the past 2 years. Last year the sale of potatoes and vegetables increased by 20 percent and fruits—by one-third. But what did the Russians receive not in percentages but in kilograms?

Last year Consumers' Cooperation sold per one resident in the republic only 4.6 kg of meat products, 0.8 kg of potatoes, and 2.2 kg of fruits and berries, which is 15-40 percent less than the average for the country and significantly less than in the Ukraine, Belorussia, Kazakhstan and certain other republics.

The RSFSR People's Control Committee, wishing to find an explanation for this lack of correspondence, studied the activity of Rospotrebysoyuz and a number of oblast consumers' unions. Special attention was devoted to a relatively new aspect of the work of the cooperative

members—city trade. And here is what they found. According to the data of Rospotrebsoyuz, last year 2.781 billion rubles' worth of agricultural products were purchased at contractual prices and sold in the cities. Again one-fourth more than in 1986. But almost all of the increase in commodity turnover—more than 500 million rubles—was obtained not as a result of increasing the volume of products sold but as a result of increasing prices for sausage items, vegetables, fruits and so forth and also as a result of selling through cooperative trade meat and dairy products that were obtained from state resources.

The Kemerova oblispolkom, instead of demanding that the cooperaters increase procurements of agricultural products from the population, permitted them to obtain almost 12 million rubles' worth of animal husbandry products from state resources and sell them at contractual prices or prices that were twice as high. This comprised more than 30 percent of the commodity turnover in city cooperative trade networks. This year, without changing anything, Consumers Cooperation in the oblast plans to obtain 27 million rubles' worth of animal husbandry products this way or almost twice as much. The commodity turnover increased by 30-70 percent and approximately the same way in the city cooperative trade networks in Tyumen, Perm, Sverdlovsk, and a number of other oblasts. Who needs this kind of cooperative trade?

City cooperative trade is still continuing to function randomly to a considerable degree. No stable contractual relations are developing between the rayon consumers cooperations, cooperative trade organizations, and the kolkhozes and sovkhozes.

As a result, in a number of industrial centers of the republic there has been a reduction of the commodity turnover in cooperative trade in general and the sale of foodstuffs in particular. For example, the sale of agricultural products purchased at contractual prices in the city of Kuybyshev decreased last year by 2.4 million rubles (8 percent) and during the first quarter of this year by 23 percent. There was a reduction of the sale of meat, sausage items, potatoes, eggs, vegetables and fruits. In the cities of Kemerovo Oblast (even taking into account meat products for the state resources) the cooperaters lowered the level of meat sales by 442,000 rubles. And on the whole the turnover of agricultural products purchased directly from Consumers Cooperation in the oblast decreased in the cities of the Kuzbass by 3.9 million rubles or 20 percent.

Trade in potatoes, vegetables, green groceries and salted and pickled items has been curtailed practically everywhere or has not been organized at all. An inspection of 50 consumers cooperative stores in the cities of Kuybyshev, Tolyatti, Syzran and Novokuybyshevsk showed that only in some of them, rarely, 1-3 times a month, did they ship in fresh cabbage, potatoes, onions and certain other vegetables. In Kuybyshev in 12 of the 19 stores that

were inspected no vegetables or potatoes arrived, either fresh or processed. The situation was the same in the cities of the Kuzbass, Chechen-Ingush ASSR and Kirov Oblast that were inspected.

In essence Consumers Cooperation is not trading in natural milk purchased from the rural population at contractual prices, curds, sour cream, or other dairy products.

But according to the reports it would seem that everything is in order: during the past 2 years the sale of dairy products has increased by a factor of 5. At first glance this is a large leap. But let us go back to kilograms again: during the entire year Consumers Cooperation sold 0.7 kg of dairy products per one resident of the republic, or 0.2 percent of the overall volume. Dairy products are found irregularly in state trade as well, but in spite of this the procurement offices refuse to receive milk from private subsidiary farms of citizens, frequently referring to the lack of demand, the lack of the necessary material base, and other factors.

The policies for paying managers and staff of trade organizations, stores and salesmen according to one common criterion—in the system of Consumers Cooperation has long been outdated and become an impediment to the development of trade. This completely ignores the basic principles of cost accounting. As a result the main desire of these workers is not to expand the assortment of agricultural products and reduce retail prices but to purchase and sell the most costly products at higher prices—regardless of the economic effectiveness of the commercial transactions.

In their drive for gross volume indicators and to sell products at the highest possible price, workers in consumers cooperation frequently allow products to spoil and then write them off as losses. Losses of fresh fruits and vegetables are especially great.

Last year, for example, the Kemerovo City Cooperative Trade Organization marked down or wrote off more than 100 tons of tomatoes and 57 tons of cabbage, or more than half of the quantity that came in, for an overall sum of 160,000 rubles. On the whole in cooperative trade organizations of this oblast the losses during the process of sale of fruit and vegetable products amounted to 500,000 rubles. Individual merchants take advantage of this situation and deliberately increase procurement prices and create conditions for spoilage and theft of products.

If Consumers Cooperative workers strive to increase the prices, the local authorities, conversely, under any pretext try to limit them and frequently go to the extreme—they force trade to the detriment of cost accounting. For example, in Altay, Krasnodar, and Krasnoyarsk krais, Byansk, Vladimir, Pskov, Tomsk, Ulyanov and other oblasts the prices are forced down—by 10-30 percent as compared to the calculated prices. As a result, in city

cooperative trade organizations of Kuybyshev oblast losses last year exceeded 1.3 million rubles, and in Tomsk—1.1 million, and the losses of gross income in the Kurgan Consumers Union were more than a million rubles, and Bryansk—1.8 million rubles. Thus Rospotrebsoyuz as a whole failed to receive approximately 60 million rubles because of this. And with this money it would have been possible to construct about 6,000 receiving and procurement points in rural areas. But the main thing is that this approach kills any incentive for the cooperators to work effectively.

In general one can understand the desire of the local authorities to maintain prices in the market at a certain level, and cooperative trade is the best way to do this. But still one must not violate economic and cost accounting principles. If you want low prices—go ahead. But at your own expense, with subsidies from your own budget, and not out of the pocket of the Consumers Cooperative and its members.

Each year Tsentrosoyuz reports that hundreds of new stores have opened their doors to consumers. This is a subject of special pride for the cooperative members—firm trade. In Moscow alone, they say, they have opened up 45 cooperative trade stores. In general, of course, this is not very much for a city of many millions, but the main thing is that it is even worse in other cities. It is precisely the lack of development of the material base that makes it impossible to develop the material base that makes it impossible to develop city cooperative trade extensively. Stores and warehouses are frequently primitive—one can imagine a modern store with a sales area of...5-6 square meters. Many trade organizations have neither warehouses nor refrigeration facilities.

Neither the cooperatives nor the local authorities think much about the development of the trade base. Joint decrees of the ispolkoms of the local soviets of people's deputies and Rospotrebsoyuz have earmarked opening 441 stores in the past 2 years. Only 244 have been put into operation. In Vologda Oblast: of the seven stores—two, Vladimir—of the 10, one, Kaluga: of the five—one, Kemerovo: of the 10—three, the Tatar SSR: of the seven—two, and Tula Oblast—of the 49 stores—nine.

Kolkhoz markets can be an important support in the food supply for city dwellers. Consumers Cooperation last year basically completed taking them over and is developing a program for construction, reconstruction, and technical reequipping of the market. At the present time the majority of the 2,394 markets in the cities of the RSFSR do not meet the necessary requirements, and only 279 of them are covered.

But many consumers unions are in no hurry to put them in order. Only about 30-40 percent of the tens of millions of rubles allotted for 1988 for reconstruction and technical equipment of markets will be used. In some cases the ispolkoms of soviets of people's deputies, having turned the markets over to Consumers' Cooperation, no

longer consider it necessary to deal with them at all. These facilities are excluded from the plans for contracting work. A number of cities have halted the construction of large markets that was begun 5-6 years ago.

It would seem that the transfer of markets to cooperatives and cost-accounting organizations, which was undoubtedly dictated by good intentions, should open the gates wide for producers of agricultural products. But everything has turned out the opposite. Trade and procurement enterprises that have appeared to replace the previous bureaus of commodity services, have worsened the services for the clients. They basically trade in meat and sausage items with meat combines and procurement offices, completely forgetting about the peasant farm and other market suppliers. The filling out of documents for purchase of agricultural products from the population has become significantly more complicated. In general, in the first quarter of this year many trade and procurement enterprises at the markets have almost cut in half the purchase of products as compared to last year.

The RSFSR People's Control Committee has analyzed the shortcomings in the work of the oblast organizations of Rospotrebsoyuz and many managers have been severely penalized. But here we are not speaking about individual mistakes of one consumer society or another. We are speaking about tendencies. And, unfortunately, they are such that the cooperators of Rospotrebsoyuz, as before, would like to "dance" with what has been achieved, comparing this year's report with last year's. And if a plus figure is received—this is a victory! And the fact that this "plus" is a drop in the bucket of demand, that it can be seen only on paper and is absolutely unnoticeable in the stores, this does not bother very many people.

11772

**Advances in BSSR Public Catering Sector Noted**  
*18270076a Moscow SOVETSKAYA TORGOVLYA in Russian 23 Jun 88 pp 1-2*

[Article by I. Konyayeva, V. Pushkarev, and A. Suslov, Belorussian SSR: "Two Variants of One Public Catering Enterprise"]

[Text] It is typical of any region of our country, as we know, to have two main types of public catering enterprises: the first is the workers' dining room, and the second are the general dining rooms, cafes and restaurants.

Usually workers or plant dining rooms in Belorussian have basically been constructed from the beginning or reconstructed beyond recognition. Sometimes they remind one of fashionable restaurants: faced with marble, decorated with artistic wallpaper, wood carvings, original candleholders and chandeliers.

*In the department stores and large food stores of Belorussia there are 236 departments equipped for sale of public catering products. In 1987 43.1 million rubles' worth of products was sold through them. This is 8.7 percent more than in the preceding year. This year it is intended to sell 45.3 million rubles' worth of these products.*

"It is necessary for the plant dining room to be comfortable. It is pleasant to sit and relax in comfortable surroundings. But it is even more necessary for people not to have to wait in line for food: they come, they get their meal, they eat, they look around and there are about 20 or 30 minutes left to rest."

We had them searching for solutions for a long time—comfort, healthful food, speed, and economical operation. The designers had proposed various variants for distributing food: through distribution lines like LPS, Sadko, Progress, Karusel, and Effekt. Each of them has had its positive and negative aspects.

Effekt, for example, which was first developed in Belorussia made it possible to allow 100 or 200 people into the dining room at once and shelf carts were presented to all of them for distributing meals.

The experience with Effekt was at one time extended and introduced throughout the country but time revealed an extremely significant fault with this form of self-service—the containers in the warming line frequently burned out and instead of hot food the consumer was frequently given food that was already cold.

How does one then enable people to select dishes freely without a food line?

This problem was first solved successfully at the Riga Vefovets Catering Combine. Plant designers placed electronics in the service of the customers and clientele of the dining room.

With the help of video terminals the customer selects the necessary dish, pays for it in cash or through a credit card, and receives the meal on a tray from the distribution container. In the same way, through a dialogue with the terminal, one places an order for semimanufactured food products and prepared confectionery items in the Kulinariya order store.

Three years ago the Vefovets experience was borrowed by many industrial enterprises of Belorussia. They determined where it should be introduced first. To do this they selected enterprises that produce electronic elements themselves and can copy the Vefovets variant without assistance from the outside.

The collective of the Gomel Radio Plant was the first to introduce the Riga experiment. Of the four spacious, beautifully equipped dining halls, where all conditions are created for comfort and rest, one of the halls, Pushcha, has been operating electronically since the

beginning of the year. It is equipped with automated systems for control of the processes of ordering and distributing food, paying for the food, collecting and washing the dishes without human participation, and it also has means for mechanized cleaning of the premises.

The same kind of electronic equipment was installed in the Kulinariya store. Through a terminal the customers of the dining room and store carry on a dialogue with the computer: the machine displays the menu on the screen indicating the quantity of various dishes. By pressing the button the customer selects what he wants and if he wishes to he can reject it and select something else. The machine issues a check indicating the number of the order, the cost of each dish, and the overall total. At the same time the order is duplicated in the kitchen where a brigade of cooks assembles the meal. Within 8-10 seconds the conveyor brings the order into the dining room. Now all they have to do is pay the cashier. The order for culinary items in the store can be obtained in the evening after the end of the work shift.

Similar electronic systems have been installed in one of the dining rooms that accommodates 400 in the Minsk Production and Technical Association, Integral. Here they have gone further than their colleagues and organized paying for the meals through credit. The credit form of paying through video terminals was also introduced in the cafeteria with a buffet type of service.

"Credit is a very convenient form," says the general director of the production association P. P. Goydenko. "It makes it possible for young workers who have not yet learned to manage their budget to spend their earnings uniformly. Older people are also glad to accept noncash accounts."

Both the buffet and the culinary store of the Universam type are carefully thought out and arranged taking into account not only the experience of Vefovets but also that of the organization of mass catering at large firms of the FRG and France. The experience is being introduced on the basis of existing domestic equipment. Some of it was manufactured through their own forces in cooperation with the Grodno Avtomagnitol Plant and the BelOMO Association.

A unified production-technological complex for catering is being created at Integral on the basis of the four existing dining rooms and several cafeterias. The re-equipment of the first section has been completed and a centralized procurement production has been created with meat, fish and poultry shops, and they have organized a single kitchen production with module technological equipment and a washing section with a conveyor system for bringing in the used dishes and accumulating the clean ones.

"The first section cost the plant 3.2 million rubles," says P. P. Goydenko. "Nonetheless we think that it is worth it."

It undoubtedly is. In the washing section alone, the trays with dishes are sent with the help of vertical-horizontal containers, which now employs only three people, they have released 23 dishwashers. Ten cashiers have been released from the distribution line. And after the completion of the reconstruction of the second section, the conventional release of personnel throughout the catering combine will be 276 while 100 percent service of workers with expanded services will make it possible to almost double the commodity turnover.

The displays, video terminals, the automatic conveyors for gathering the dishes, and smoking chambers are in operation now at the catering combine of the Minsk Gorizont Production Association, the Vitebsk Evistor Plant, and the Minsk Automotive Plant. These and other plant dining rooms have been decorated with love (we would even say—with panache!). They are comfortable both for the customers and for the kitchen personnel. And the main thing is that the machines facilitate the labor of people, they make it more productive, and they eliminate waiting lines.

Much is being done at industrial enterprises of Belorussia for developing subsidiary farms. They exist at almost all large production associations where in some places they are not only developing hog raising and dairy farms with their own feed base and tractor fleet, but also organizing industrial propagation of fish, shops for raising mushrooms, hothouses and orangeries. This diversifies the public catering table for the working person and makes it not only nutritional but also scientifically substantiated in terms of calorie content.

*Public catering products are also sold in cafeterias that are set up in department stores and other large food and industrial commodity stores. The 391 cafeterias have sold 49.3 million rubles' worth of these products. The increase was 19.2 percent as compared to last year. This year it is intended to sell 51.2 million rubles' worth.*

But where is a person to eat if the generally accessible network of dining rooms, cafes and restaurants is only 47.8 percent of the normatives throughout the republic? It would seem that it is necessary to find an answer to this question that is not only positive but satisfies everyone. The shortage of places is still in evidence. Nonetheless in these difficult conditions the public caterers of Belorussia are finding practical solutions.

In past years the republic has been inclined to open specialized fast food enterprises. For these purposes they use old premises which were previously intended to be razed, basements, and entryways.

A typical example of an economical attitude toward the matter is the restoration in Minsk of the ancient so-called Troitskiy supper. Since olden times holidays have been spent here and walking tours have been arranged for the people. The Belorussian archetypes and builders are now returning to this part of the city its ancient

architectural-artistic image which has been the pride of the city dwellers for many centuries. In festively decorated little houses with red tile roofs they have located the Starovilenskaya Korchma, Kavernya, the comfortable Cafe Morozhnoye, and many fast food institutions. Here you are offered Turkish coffee and given drinks by Myatnyy and Medovyy, they treat the Vstrecha treats you to canapes, starini, osoby and smachnyy, serve sandwiches, and in the Troitskaya Cafe they serve meat stroganoff and polesskiy salad, for first courses they have petrovskiye cabbage soup, Belorussian borsht, old-fashioned and homemade soup, for the second course—fish baked in dough, Belorussian-style liver, breadsticks, rolls and dumplings with aromatic herbs.... The walls of these cozy premises are decorated with photographs of old Minsk. The tables are covered with linen tablecloths which are embroidered with bright decorations in the traditional Belorussian style. At one enterprise the dishes are of decorated porcelain and at another they are peasant ceramic dishes. The waiters work in colorful national costumes.

A good match for this national public catering enterprise is the cocktail lounge called "Seven Fridays" which is located in the basement of a residential building in Leninskiy Prospekt and the Palyaunichy (Okhotnichye) and Bulbyanaya cafes with branches in the entryways Bulbyaniki and the Kofeynyy Bar, in the Molochnoye Cafe, and the Batleyka Bar.... Each of these public enterprises has its own unrepeatable image and its own cuisine that belongs exclusively to it. In Batleyka, for example, the cuisine is refined and intended for the gourmet: chicken baked with prunes, Kokot mushrooms, beef strips with mushrooms, various desserts made from heavy cream and fruits, berries, jellies, their own batleyka soft ice cream, and the aksamitnyy dessert. In Bulbanaya one can have potato pancakes, smazhenina, pryazhenina, chopped mushrooms and even baked potatoes with pickles.

A unique solution for the development of public catering on the basis of the creation of enterprises for all national cuisines was found in Vitebsk. Here they opened the Daugava, Daynava, Staryy Tomas, Belorusskiye Kletski and the Georgian Lavashnaya cafes. The work for creating such cafes is continuing. And in the entryways, basements, and alcoves of the republic they have opened up 112 specialized cafes that will accommodate 2,400.

People in Belorussia are especially concerned about children. Original children's cafes have appeared in each city in past years. In Vitebsk it is the Solnyshko which has a video room that will accommodate 80 and also the Krasnaya Shapochka, Buratino, Gnomik; in Gomel—Alenkiy Tsvetochek, Ivanushka, and Skazka; in Minsk—the video cafe Dialog and the Kosmos and Chevurashka cafes. Even now in the republic's public trade there are 28 children's cafes. In many of them in the foyers they have installed automatic game machines, they show video films in the dining halls, and one can buy various

toys here. There is no need to speak about the cuisine. The best culinary specialists of the republic have come up with a selection especially for children's cafes.

*In public catering and VSSR public trade there are 341 confectionery shops and 239 of them operate on two shifts and 57—on three shifts. In dining rooms and public catering combines of industrial enterprises there are 38 food smoking shops whose products add 109 million rubles to commodity turnover each year.*

And here is another remarkable thing. It is possible to have a quick snack, to drink a cup of coffee or tea with pastry or cake, treat oneself to ice cream, or quench one's thirst with fruit juice or mineral water in almost any large store for industrial goods or foods. Cafeterias and departments for sale of public catering products with a large assortment have been opened up in more than 600 retail trade enterprises. Because of these alone last year 92 million additional rubles were brought into the republic's commodity turnover.

Trade on the streets is increasing significantly. In Minsk, Vitebsk, Gomel, and other large and small cities on nice days right on the sidewalks they put out little tables and chairs under umbrellas where little buffets from minicafes offer the passersby snacks, doughnuts, pirozhki, meat pies, fresh cakes, drinks, and ice cream.

Workers of the technical services are concerned about having the food be tasty and produced with the least expenditures. A semi-automated machine for baking chevureks was designed by workers of the planning and design bureau of the VSSR Ministry of Trade. It has undergone testing under production conditions and has been recommended for mass introduction in specialized fast service enterprises. A domestic freezer for producing soft ice cream was manufactured by specialists of the Vitebsk branch of the Belorgtekhnik combine. At the Minsk Belorgtekhnik Combine they have arranged the production of their own mixers. Recently a decision was made concerning series production of these and other mechanisms for industrial enterprises of the republic.

The successes in automation and mechanization of publication in Belorussia are unquestionable. They show how much can be done even in a short period of time if one engages in restructuring not in words but in deeds.

Nonetheless in the republic itself these obvious successes are regarded as only the first steps, although confident ones. It is precisely this realistic and self-critical approach that dictated the raising of the question of scientific and technical progress for discussion in the party organization of the staff of the republic ministry of trade. Communists are seriously concerned about the fact that of the five enterprises earmarked to be opened under the current five-year plan only one preparation factory has been opened in Vitebsk, and of the 50 shops intended for semimanufactured products only 13 have

been opened. In this demanding attitude concerning each problem one can see especially clearly the ministry's businesslike approach to acceleration and restructuring.

11772

### Competition in Yaroslavl Fruit, Vegetable Markets Noted

18270006a Moscow IZVESTIYA in Russian 11 Sep 88  
p 2

[Article by M. Ovcharov, special correspondent of IZVESTIYA: "Competition in the Market"]

[Text] The sale of large quantities of fine quality vegetables, fruit, watermelons and musk melons occurred rather suddenly in Yaroslavl this past summer. They were sold even on the streets and in the yards of homes. There were practically no lines. What was the explanation for this?

Each day I walk to the markets which sparkle with brightly colored goods and which are marked by fragrant aromas. It would appear that everything is normal. Nevertheless, the chief of the oblast market administration complained with a sigh:

"The market is no longer the same. The cooperatives are seizing our customers and state trade is being disrupted. In short, we have competition."

This is a curious pronouncement. Indeed, energetic and resourceful private tradesmen have operated in the markets since olden times and they served to restrain the stagnant and sluggish state trade which offered us worthless vegetables and fruit. Surely this was competition! The only difference was that the private tradesmen dictated to us, in a very strict manner, their own extravagant prices.

But last summer a wind bearing changes swept through the Yaroslavl market: youthful efficient individuals began selling first apricots and then tomatoes and plums of excellent quality at prices which were one and a half to two times cheaper than those of the private tradesmen. Such work was carried out by the Urozhay Trade and Purchasing Cooperative, the first such cooperative registered in the Kirovskiy Rayon Executive Committee of Yaroslavl, an article concerning which has already appeared in IZVESTIYA. Its operating principle is a simple one: to purchase high quality products from a private tradesman or a sovkhoz in the south and to sell them in Yaroslavl at prices less than the market prices.

One remarkable development: today, based upon the "Urozhay" example, there are more than a dozen similar cooperatives in operation in Yaroslavl. They account for

a huge turnover in fruit and vegetables. Unfortunately, there are no statistics available on the quantities of products being sold by cooperatives in the city. But it is apparent to even the untrained eye that numerous trade points are presently scattered throughout the city: in the markets, at plants and in the various micro-districts. In short, possessing a high level of mobility and capable of maneuvering their prices in the absence of devastating bureaucratic agreements, the cooperatives are able to do business directly with their customers, at times selling vegetables, fruit, watermelons and musk melons directly from vehicles.

The trade is being carried out in behalf of a better life, with payments being made for simple transport operations. Moreover, it is us the customers who pay for it. True, the first cooperative, the "Urozhay," is completing the construction of its own modern store and cafeteria in the center of the city.

It would be premature to state that the cooperatives are bringing about a revolution in the system for supplying the city-dwellers with various types of products. No, as yet they have only a running start. But the cooperatives are already arousing some concern within the state trade system. For example, this past summer the Yaroslavl Municipal Fruit and Vegetable Trade increased its sales of carrots, cabbage, garlic, pepper, marrow squash and musk melons to the population. It is interesting to note that only recently five stores of this trade converted over to cost accounting. Today the collective of the trade enterprise is authorized, over the course of a day's time, to change the price for a particular item of goods depending upon the demand and quality.

Permit me to mention still another interesting phenomenon: this year the city's food stores also actively engaged in the sale of vegetables and fruit.

"There are only two central trade markets in Yaroslavl—Kirov and Lenin; during the month of August alone, they sold approximately 500 tons of vegetables, fruit, musk melons and watermelons for 400,000 rubles," stated the deputy chief of the Oblast Trade Administration Albina Bazhenova. "I would like to emphasize in particular that the decree of the executive committee of the oblast council, which authorized the establishment of 103 food stores throughout the oblast, made it possible for our workers to conclude direct agreements (even beyond the oblast's borders) with the population, kolkhozes, sovkhoses and consumer cooperatives for deliveries of fruit, vegetable and other products at mutually agreed upon prices. It is understood that the quality of these products is good or outstanding and the prices considerably lower than the market prices."

But if this is the case, what is happening to the market prices today? It is interesting to note that notwithstanding the complaints by the chief of market administration, the sales of fruit, vegetables, watermelons and musk melons are no lower than they were last year.

It was not my intention to leave the impression that the market in Yaroslavl has become quite cheap. But it bears mentioning that the prices have declined noticeably. At the present time the prices are as follows: potatoes—30-40 kopecks, cabbage—70-80, tomatoes—about one and a half rubles, green onions—2 rubles, carrots—1 ruble, garlic—4 rubles, common onions—50-80 kopecks, beets—80 kopecks, pepper—one and a half rubles and 80 kopecks, apples—one and a half to two rubles, watermelons—50-80 kopecks, musk melons—about one and a half rubles, plums—one and a half rubles, and peaches—two and a half rubles.

This is quite good for our northern kray.

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## GOODS PRODUCTION, DISTRIBUTION

### Retail Trade Turnover In Republics For 1988

#### First Half 1988

18270075 Moscow SOVETSKAYA TORGOVLYA in  
Russian 12 Jul 88 p 1

[Table of Trade Turnover for First Half of 1988]

[Text]

#### USSR Goskomstat Report

Retail Trade In The Union Republics in the First Half of 1988

	1	2	3	4
USSR	175,712	100.2	302	105.8
RSFSR	97,180	100.1	101	105.5
—Moscow	12,367	104.9	580	106.2
—Leningrad	4,423	102.8	119	103.6
Ukrainian SSR	29,255	99.2	-233	105.8
Belorussian SSR	6,705	103.1	201	106.1
Uzbek SSR	7,220	100.3	18	108.1
Kazakh SSR	8,337	100.0	1	105.3
Georgian SSR	2,798	93.9	-181	106.9
Azerbaijan SSR	2,496	94.1	-157	104.9
Lithuanian SSR	2,774	107.7	198	110.4
Moldavian SSR	2,305	102.8	62	107.5
Latvian SSR	2,326	105.6	124	106.7
Kirghiz SSR	1,732	101.9	32	107.1
Tadzhik SSR	1,644	101.0	16	104.6
Armenian SSR	1,674	98.7	-23	103.7
Turkmen SSR	1,467	97.0	-45	108.2
Estonian SSR	1,460	105.5	76	106.7

1. Actual millions of rubles

2. Percentage of quota in Plan met

3. Amount above or below (-) quota sold, in millions of rubles

4. Jan-May 88 as percentage of Jan-May 87 level, in adjusted prices

**January-May 1988**

18270075 Moscow SOVETSKAYA TORGOVLYA in  
Russian 18 Jun 88 p 1

[Table and article by Yu. Gryzanov, economics correspondent for "SOVETSKAYA TORGOVLYA": "A 5.5 Percent Increase In Trade Volume"]

[Text]

**USSR Goskomstat Report**

Retail Trade In The Union Republics, January to May 1988

	1	2	3	4
USSR	145,772	100.01	15	105.5
RSFSR	80,574	99.9	-60	105.2
—Moscow	10,300	104.8	472	106.4
—Leningrad	3,697	102.9	104	103.8
Ukrainian SSR	24,293	99.1	-211	105.6
Belorussian SSR	5,569	103.0	161	106.1
Uzbek SSR	6,034	99.9	-4	107.6
Kazakh SSR	6,900	99.5	-34	104.9
Georgian SSR	2,304	94.1	-145	105.9
Azerbaijan SSR	2,088	94.8	-113	104.7
Lithuanian SSR	2,282	107.1	152	110.1
Moldavian SSR	1,910	102.5	46	107.0
Latvian SSR	1,914	105.7	104	106.7
Kirghiz SSR	1,437	101.4	20	106.7
Tadzhik SSR	1,373	100.8	11	104.4
Armenian SSR	1,394	98.9	-16	104.0
Turkmen SSR	1,212	95.7	-54	106.7
Estonian SSR	1,201	105.6	63	106.7

1. Actual millions of rubles
2. Percentage of quota in Plan met
3. Amount above or below (-) quota sold, in millions of rubles
4. Jan-May 88 as percentage of Jan-May 87 level, in adjusted prices

Compared with last year's level at the same time, the May retail trade volume in the public and cooperative sectors has grown by 6.9 percent in adjusted prices. This represents the fastest growth rate in trade volume since the beginning of the year.

Both state-run organizations and cooperatives exceeded their May retail trade quotas in the Plan, for a total of 253 million rubles over the set level.

As a result of May's success, retail trade's average for the last five months has finally shot past the point set in the Plan, the first time this has happened in many years. The increase in trade for the January-May period was 5.5 percent in adjusted prices.

Retail trade personnel in most of the union republics met the quotas set in their Plans, although trade organizations in Georgia, Armenia, Azerbaijan, and the Turkmen SSR did not. And trade organizations in the RSFSR,

Ukraine, Uzbekistan, and Kazakhstan, while able to make up considerable lost ground, did not succeed in getting to the level set in the Plan for the January-May period. The main reason for their failure to do so was the unsatisfactory job done by organizations within the consumer cooperative sector in these republics. These organizations account for the entire retail trade shortfall in the RSFSR, Uzbekistan, Kazakhstan, and Armenia, 75 percent of the shortfall over the five month period in the Ukraine, and almost 50 percent of the Turkmen SSR's shortfall. For the Tsentosoyuz system as a whole, the retail trade shortfall during the January-May period was over 400 million rubles. Yet while organizations within the cooperative sector in many areas have accumulated significant resources in the form of excess inventory and a considerable consumer goods production base, these resources, which could be used to increase retail trade volume, are not being adequately exploited.

The figures for the last five months show that organizations in the public and cooperative sectors of Lithuania, Latvia, Estonia, and Bulgaria are the leaders in compliance with the retail trade Plan, as they have exceeded the quotas in the Plan by 7.1-7.3 percent. The cities of Moscow and Leningrad are also in this category. We should add that personnel in Moldavia's public and cooperative sectors did very well in meeting their quota at the 102.5 percent level.

The secret to Belorussia's and Lithuania's success was revealed during retail management training that republic- and oblast-level personnel went through in their republics in May. Detailed articles on this appeared in "SOVETSKAYA TORGOVLYA" on 6/9/88 and 6/16/88. If we want to raise the rate of trade and meet the quotas set for 1988, we will have to take advantage of what Belorussia and Lithuania already know as quickly as possible.

The current retail trade growth figures, which are good on the whole, are undoubtedly linked to the fact that the Plan and product resources are better coordinated than in previous years, while industrial enterprises have performed their delivery contracts and met their commercial obligations at a higher level. Compared with last year, the number of incomplete deliveries declined, largely because the personnel at wholesale and retail trade enterprises now have more incentive to improve, but also because sanctions, including fines, against organizations guilty of incorrect deliveries have become more rigorous. As a result of this, the process of inventory shrinkage has stopped.

Nonetheless, trade organizations were forced to deal with deliveries that were far short of estimates. This included: a 700 million ruble shortfall of potatoes, vegetables, and fruits; a 144 million ruble shortfall of consumer goods; and a 960 million ruble shortfall of other durables.

Trade organizations have also failed to take advantage of all the available opportunities for increasing trade volume. Summer always brings heightened demand for seasonal products, especially non-alcoholic beverages, ice cream, early vegetables, and berries. Among the work that needs to be done as the summer season approaches is extending the sales network of street, square, and recreation area vendors and using the fair and bazaar network effectively. In addition, it is important to remove winter products to increase the shelf space for summer-related sports, tourism, and gardening inventory.

Summer is a period of intense house and dacha construction, as well as home repair and additions, and in many respects we are now prepared to satisfy the demand for repair and construction supplies. To a great extent, success in this area will depend on the industriousness of trade enterprises and organizations.

Personnel who work at public cafeteria enterprises have been upgrading their services, and on the whole have

succeeded in meeting their quotas for trade volume and sales of in-house production. In May, the nationwide public cafeteria trade volume quota was met at the 103.4 percent level, while in-house production sales were at the 102.8 percent level. For the five month period, trade was 305 million rubles over the quota level, while in-house production sales were 233 million rubles, or 2.6 percent, over the quota level. With the exceptions of Armenia and Azerbaijan, all the union republics were able to deal effectively with their quotas for the January-May period. Azerbaijan failed to meet its quota for in-house production sales.

If we are to meet the quotas and execute the Plan for the first semester as a whole, every work unit in the industry must try to maintain and accelerate the trade growth rate reached in May.

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**Rise in Social Well-Being in 1981-1987 Viewed**  
*18280086a Moscow VESTNIK STATISTIKI in Russian*  
*No 6, Jun 88 pp 8-14*

[Article: "The Social Development and Growth of Peoples' Welfare"]

[Text] As a result of the realization of the course of the 27th CPSU Congress toward an active social policy, during the past 2 years of the five-year plan there has been a further rise in the material well-being and cultural level of the people. The real incomes of the population and the volumes of consumption of material goods and services have increased. Housing conditions and the provision of hospitals and polyclinics, children's institutions, schools, clubs, and other objects of the social and cultural sphere have improved.

By the beginning of 1988 the country's population amounted to 284.5 million. During the first 2 years of the five-year plan it increased by 5.7 million, including

in 1986—by 2.9 million and in 1987—by 2.8 million (during 1981-1985 the average annual increase in the population was 2.4 million). The significant acceleration of the growth of the population was brought about by the higher birthrate under the influence of measures for rendering assistance to families with children and also the reduction of the death rate of the population mainly as a result of stepping up the fight against drunkenness and alcoholism.

The average annual number of workers, employees and kolkhoz workers employed in the national economy was 130.7 million.

The growth rates of the basic indicators of social development and improvement of the well-being of the people are characterized by the following figures (in percentages):

	Annual Average During 1981-1985	Annual Average During 1986-1987	1986 in percent of 1985	1987 in percent of 1986
National income used for consumption and accumulation	3.1	2.4	3.4	1.4
Production of consumer goods (Group B)	3.9	3.8	3.9	3.8
Real per capita income	2.1	2.3	2.5	2.0
Average monthly monetary earnings of workers and employees	2.4	3.3	2.7	3.7
Wages of kolkhoz workers in public farming	5.3	5.3	6.3	4.4
Payments and benefits from public consumption funds	4.7	5.1	5.4	4.8
Retail commodity turnover in state and cooperative trade	3.1	4.6	6.3	2.9
Volume of paid services for the population	5.0	9.1	10.2	8.1
Introduction of overall area in residential buildings	1.7	6.7	6.0	7.9

The average per capita total family incomes are increased by 5 percent during the 2 years and amounted to 135,000 rubles a month, the incomes for families of workers and employees—143 rubles, and for families of kolkhoz workers—115 rubles. The number of population with average per capita incomes of more than 100 rubles per month increased during 1987 by 7.9 million or by 4 percent. The number of underprivileged population with average per capita incomes of up to 50 rubles per month decreased by 5 percent (as compared to 1980—by a factor of 1.9). Average per capita incomes of less than 100 rubles per month apply to 33 percent of the population (92 million people). The average monthly monetary earnings of workers and employees in 1987 reached 203 rubles, and wages of kolkhoz workers—167 rubles, increasing as compared to 1985 by 6.7 and 8.9 percent, respectively) the assignments of the five-year plan envisioned an increase of 5.3 and 5.1 percent).

In keeping with the social program for the 12th Five-Year Plan large measures have been implemented for increasing wages. Wages of teachers and other public education workers have been increased everywhere. As a result the wages of teachers in primary schools increased by 53

percent, teachers in secondary and senior classes—33 percent, and teachers in secondary specialized and vocational-technical training institutions—by 25 percent.

We have begun a stage-by-stage increase in the wages of public health and social security workers, and also workers in higher educational institutions. In order to retain personnel in the southern regions of the Far East, Chita Oblast, and the Buryat and Tuva ASSR's we have introduced increments to wages for workers and employees for continuous length of service. Regional coefficients have been established for wages of workers and employees for whom they had not been introduced in the Urals and in the production branches in the northern and eastern regions of Kazakh SSR.

State expenditures in connection with the implementation of centralized measures for increasing wages in 1986-1987 translated into the amount for 1987 were 3.3 billion rubles (under the 11th Five-Year Plan—2.5 billion rubles).

In order to increase the coefficient of shift work we have introduced, in addition to payments for night work, additional payments for work on the evening shift at

enterprises and organizations of industry, construction, transportation, and communications. Additional payments have been increased for work at night for workers of enterprises of the bread-baking and pasta industry. According to the results of an investigation of industrial enterprises conducted in 1987 the number of workers in the shop with a multishift schedule has increased by 320,000 or 2.5 percent. As a result of the increase in shift work the enterprises have released about 112,000 units of equipment worth a total of 681 million rubles as well as 1.4 million square meters of production space.

In order to provide for a closer link between wages and the final results of labor in the productive branches of the national economy, through resources of enterprises and organizations about 26 million people were changed over to the new wage conditions by 1988 or 37 percent of the overall number of workers subject to being changed over under the current five-year plan. The new wage conditions have also been put into effect for scientific workers, designers and technologists of scientific research institutions, design and technological organizations of industry, the USSR Academy of Sciences, and the academies of sciences of the union republics. The wages of workers in these organizations increased by an average of 3.2 percent, and for scientific workers—9 percent, and engineer-designers and engineer-technologists—7 percent.

Measures have been taken for the development of progressive forms of organization and stimulation of labor that establish a close connection between the amounts of material incentives and the concrete contribution of each worker. The brigade form of organization and stimulation of labor has encompassed 76 percent of the workers in industry and about 90 percent of those in construction. The number of brigades that have worked under the conditions of cost accounting amounts to every third one in industry and every second one in construction. In agriculture about 90 percent of all the workers on kolkhozes and sovkhoses are working in brigades and teams. Of these 70 percent of the workers have now been changed over to the brigade contract.

More than 80 percent of all the brigades applied the wage system according to the unified contract. Three-fifths of them distributed their wages, piece-rate earnings or bonuses taking into account the coefficient of labor participation.

Payments and benefits granted to the population from public consumption funds have increased more rapidly than wages have. In 1987 they amounted to 162.5 billion rubles or 15.5 billion rubles more than the 1985 level, which is more than the assignments envisioned by the plan. Per capita they increased from 530 rubles in 1985 to 575 rubles in 1987.

About 40 percent of the overall sum of payments and benefits from public consumption funds go for social security. A considerable share of the sum is intended for

the society to maintain people who cannot work. The pension support system at the present time encompasses one-fifth of the country's population. The number and composition of pensioners according to the kinds of pension support as of 1 January 1988 are characterized by the following data:

	Total, Millions	Of These Pensioners Who Have Been Assigned a Pension	
		According to the Law on State Pensions	According to the Law on Pensions and Stipends for Kolkhoz Members
All pensioners	58	48	10
Of these:			
Old age	42	33	9
Disability	6.5	6	0.5
Death of breadwinner	6.5	6	0.5

As compared to 1980 the number of pensioners increased by 16 percent; for every 100 people of working age there are 37 pensioners (in 1980—32).

During 1986-1987 there continued to be an increase in pensions for workers, employees and their families that were assigned 10 years ago and more, and on 1 January 1988 the minimum amounts of pensions increased for kolkhoz members and their families. As of 1 January 1988 the average amount of the monthly pension for workers and employees was 84 rubles and for kolkhoz workers—53; compared to the average monthly earnings they amounted to 42 and 32 percent, respectively.

The level of pension support for kolkhoz workers lags significantly behind the level for workers and employees. The average amount of their old age pensions is barely half that of workers and employees, and the proportion of old age pensioners who are kolkhoz workers and receiving the minimal amount of pension is 60 percent while among workers and employees it is less than 10 percent.

In 1987 the period for paid care for a sick child was lengthened and stipends for graduate students and other students was increased.

Stipends for pregnancy and delivery, for mothers with many children and single mothers, for the birth of a child, for caring for a child up to 1 year old and for children in underprivileged families have reached almost 6 billion rubles, and expenditure on services for children in children's homes, day nurseries, kindergartens, day nursery-kindergartens, Pioneer camps, and institutions for extracurricular work with children—11 billion rubles.

During 2 years of the 12th Five-Year Plan the consumption of meat products, dairy products, eggs and vegetable oil increased somewhat. The consumption of dairy products and eggs reached the level envisioned by the Food Program for 1990. Yet in a number of regions of the country there were interruptions in the supply of meat and dairy products.

The consumption of material goods and services for the population increased by 9.2 percent during the 2 years.

Retail commodity turnover in state and cooperative trade in 1987 amounted to 341.5 billion rubles and had increased in comparison to 1985 by 17.3 billion rubles of 5.3 percent (in actual prices).

The production of nonfood consumer goods in 1986-1987 increased at more rapid rates than industrial production as a whole. Their output increased by 9.4 percent, which significantly surpasses the growth rates during the last 2 years of the past five-year plan. For example, goods for cultural-domestic and household purposes were produced during this period in an amount of 0.8 billion rubles more than was envisioned by the comprehensive program of goods and services.

During 1986-1987 as during the years of the 11th Five-Year Plan the effective demand of the population was not fully covered by goods and paid services, as a result of which there was an imbalance of monetary incomes and expenditures of the population.

As a result of the implementation of measures to fight against drunkenness and alcoholism the sales of alcoholic beverages have been almost cut in half and the structure of retail commodity turnover has improved.

The plan for commodity turnover in the country as a whole was not fulfilled in 1987 by a volume of 12.2 billion rubles. As compared to the annual plan for 1987 the shortfall amounted to 836,000 radios, more than 723,000 television sets, including 561,000 color sets, 594,000 tape recorders, about 300,000 washing machines, 79 million galvanic elements and batteries for electric household items, 1.4 million watches, and more than 400,000 sewing machines. The amount of yard and garden manual and mechanized instruments and supplies, garden sheds, two- and three-chamber refrigerators, freezers and other goods were less than planned. The population's unsatisfied demands for goods increased. Workers increased their deposits in savings banks by 24 billion rubles in 1987.

Although they had all the necessary monetary savings, 80 percent of the families of workers and employees and 73 percent of the kolkhoz workers were unable to use them because of difficulties entering the housing construction cooperative; difficulties in the construction, purchase and repair of a residential building, dacha or other structure were indicated by 55-57 percent of the families,

the purchase of an automobile—72-80 percent, the construction or purchase of a garage—48-58 percent, and the purchase of furniture—43-44 percent.

According to approximate calculations, 3 million families have half or more of the necessary monetary savings for the construction, purchase, or repair of residential buildings, dachas and so forth; 0.7 million—for entering housing construction complexes; 5.1 million—for purchasing furniture; 2.1 million—automobiles; 5.1 million—clothing; and 3.2 million—for the organization of recreation.

The population has many complaints about the poor quality of consumer goods.

At the present time there are complaints and warranty repair for almost every other color television set, every fourth cassette tape recorder, and every third radio tape recorder set.

Trade has accumulated 1.4 billion rubles' worth of unmarketable and unsold goods of outdated styles, models and designs.

Under the conditions of the struggle for a sober way of life, increasing the sale of goods that would contribute to occupying the free time of the workers becomes especially important—timber and construction materials, sporting goods, tourist items, and so forth.

The provision of timber and construction materials for the population improved somewhat during 1986-1987. Their deliveries to trade increased during this period by a factor of 1.5 but the delivery plans were underfulfilled by 1.4 billion rubles.

In recent years the population has become significantly more interested in the development of garden and orchard raising. By the end of 1987 there were about 8 million garden plots in the country. During those 2 years of the current five-year plan their number increased by almost 2 million. And more than 150,000 garden sheds, including sets of parts for them and precut lumber, were delivered to trade during 1986-1987 (the total for the year), but their assortment of quality do not meet the requirements of the population.

Not enough attention is being devoted to the organization of trade in commercial wastes from production. The population's need for sports footwear and clothing is not being satisfied.

The volume of paid services offered to the population in 1987 amounted to 53.6 billion rubles and had increased by 19.1 percent as compared to 1985, but their proportion in the monetary expenditures of the population remains insignificant. The tourism industry is developing slowly and the population spent only 2.7 billion rubles on its services.

The volume of consumer services increased during the 2 years by 20.5 percent and in 1987—12.1 billion rubles' worth were rendered to the population, but the population's needs for consumer services, especially for the repair and construction of housing, the establishment of garden plots, the repair of household equipment, cargo transportation, private automotive service, and rental of cultural-domestic and household items are not being fully satisfied. The level of service is still low, the time periods are too long and the quality is unsatisfactory in the filling of orders for the repair and tailoring of wardrobe items.

The schedule of operation of enterprises, institutions and organizations of the sphere of service is still inconvenient for the population. Losses of working time in the national economy as a whole because of going to organizations that serve the population, according to calculations, amounted to more than 14 man-days in 1987, which is tantamount to taking about 60,000 people away from work each day.

As the materials of a selective investigation that was conducted show, during the first half of 1987 13 percent of the workers and employees asked to leave work to go to service organizations, and among kolkhoz workers—16 percent. Everyone who had to do this in the first half of 1987 left work an average of three times. Their absence from work for this reason amounted to an average of about an hour.

But those workers and employees who were investigated whose working conditions do not make it possible for them to take advantage of services of organizations that serve the population, two-thirds and more prefer to organize the work of ateliers for sewing and repair of clothing and footwear, shops for repair of television equipment, household machines and appliances, and industrial goods stores on Sundays. A considerable proportion of the workers suggested establishing the work schedule for a number of service enterprises, institutions and organizations from 7 am to 9 pm, and this pertains especially to food stores, for which about 70 percent of the workers would like to have such a schedule established.

Capital investments in nonproduction construction are outstripping the growth of production investments. The increase in expenditures on nonproduction construction in 1987 as compared to the average annual volumes of the 11th Five-Year Plan amounted to 28 percent (for the overall volume of capital investments—21 percent). The proportion of nonproduction investments in the overall volume for the national economy increased from 27.1 percent in 1981-1985 to 28.7 percent in 1987. A program is being consistently implemented for providing each family with a separate apartment or an individual home. With all sources of financing we have constructed 2.3 million well-arranged new apartments with an overall space of 129.3 million square meters. Housing conditions have improved for more than 11 million people.

The plan for the construction of housing as a whole was overfulfilled.

At the same time in 1987 in the ispolkoms of soviets of people's deputies and at enterprises and organizations in cities and villages of the urban type, more than 13 million families and single people were registered and were on the waiting list for improvement of housing conditions.

The funds for the construction of social and cultural facilities have been increased significantly. In 1987 as compared to 1986 the volumes of capital investment increased for public education by 17 percent, public health, physical culture and sports—by 2 percent, and culture and art—by 11 percent.

During 1986-1987 (average for the year) general educational schools were put into operation to accommodate 1.3 million children, which is 28 percent more than the annual average for the 11th Five-Year Plan, vocational and technical schools—110,800 or 19 percent more, in preschool institutions—654,500 or 15 percent more.

In spite of the increased scale of construction of facilities for public education, there was no significant improvement in the fulfillment of the plan for putting them into operation. The 1987 plan was fulfilled only with respect to releasing general educational schools for operation. There was no significant improvement in the fulfillment of planned assignments for starting up vocational and technical educational institutions. Annual assignments for using state capital investments to introduce higher (49 percent) and secondary specialized educational institutions (49 percent) were fulfilled unsatisfactorily.

During 1986-1987 on an annual average hospital beds were made available for 74,100, and outpatient polyclinic institutions—for 190,700 visits per shift, which amounted to 117 and 134 percent, respectively, of the average annual introduction of these during 1981-1985. And the plans for the startup of hospitals going unfulfilled either in 1981-1985 or in 1986-1987. We did not provide for fulfillment of the plan for putting maternity hospitals and outpatient-polyclinic institutions into operation.

We continued to implement measures envisioned by the reform of the general educational and vocational school. During the current school year 42 percent of the children 6 years of age are studying in the first grade program. The Lithuanian SSR, the Belorussian SSR and the Georgian SSR have basically completed the changeover to educating children beginning at age 6 and they have included 90-88 [sic] percent of them. The admission of 6-year-old children to school has led to increasing the shift work of classes and reducing the number of children in groups with extended hours. During 1987 42,000 or every third day school was operating on two and three shifts. The number of children studying on the second and third shifts amounts to 9.3 million (23 percent) as compared to 8.7 million (21 percent) in 1985. The number of children visiting after-hour groups decreased

from 13.1 million in 1985 to 10.9 million in 1987 and their proportion decreased from 37 to 30 percent.

In 1987 3 million work places were equipped for socially useful, productive labor of schoolchildren or an average of one workplace for every four students in grades 7-11. There are laboratories for vocational orientation in 75 percent of the secondary schools as compared to 71 percent in 1985.

In the current school year 8,600 (14 percent) of the day secondary general educational schools have laboratories for the fundamentals of information science and computer equipment in which 62,000 work places are equipped with computers. The course "Fundamentals of Information Science and Computer Equipment" is being taken by 4.6 million or 98 percent of the students in the senior classes.

In 1987 2,048,000 specialists were trained in higher and secondary specialized training institutions, including 768,000 with higher qualifications and 1,280,000 with secondary qualifications. The rates of increase in graduations from VUZes are decreasing and amount to 91 percent of the 1986 level and 89 percent of the 1985 level.

In 1987 there were more than 145,000 preschool institutions in operation in the country (including kolkhoz institutions), and these were attended by 17 million children. At the same time preschool institutions continued to be overloaded: the number of children in them exceeds the number of available accommodations by 1.2 million, or for every 100 places there are 107 children. Moreover, the applications of 1.7 million parents to place their children in preschool institutions were not satisfied.

During 1986-1987 there were positive changes in the area of public health. Beginning in 1986, after the publication of the decree concerning the fight against drunkenness and alcoholism, there was a tendency toward reduction of alcoholism among the population. Under the influence of these measures in the country there was a reduction of the death rate which was especially intensive among males. During 1985-1987 the expected lifespan of the country's population increased by 2 years (for males—2.6 years) and at the present time amounts to 69.7 years. A significant role in increasing this indicator was played by the reduction of the death rate from accidents, poisoning and injuries. Thus the death rate of able-bodied men for these reasons in 1987 had increased by 37 percent as compared to 1984. At the same time the expected lifespan of the country's population lags behind that of the leading developed capitalist countries (United States, FRG, France, Great Britain, Japan) for men—by 7.2 years and women—by 5.5 years. The child death rate continues to be extremely high—higher than in the aforementioned countries by a factor of 2.5-5.

In 1987 illnesses with a temporary loss of the ability to work decreased by 8 percent (in 1986 there was an increase of 1.9 percent).

But losses in the national economy because of illness are still great and amounted to about 1.1 billion working days while expenditures on stipends for temporary disability amounted to about 7.3 billion rubles. Half of all the losses are from the flu and colds, injuries and care for all the sick people, which shows that the measures for preventing illness and injury are inadequate.

Pollution of the environment exerts a great influence on the level of illness. In a number of cities in the country the population is not provided with high-quality drinking water and the concentration in the air of substances that are harmful to the health exceeds the established normatives severalfold.

The USSR State Committee for the Protection of Nature has been formed to increase the responsibility and step up control at all levels of management for efficient utilization of natural resources and improvement of the coordination of the work done by the ministries and departments.

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## LABOR

### Procedures for Leasing of Enterprises by Labor Collectives Listed

18280004 Moscow *EKONOMICHESKAYA GAZETA* in Russian No 36, Sep 88 p 17

[Regulations on leasing of state enterprises by labor collectives titled: "Leasing of State Enterprise by Labor Collective"; first four paragraphs are source introduction; article referred to in introduction, on provisional recommendations for lease contracts, was published in JPRS series: UEA-88-039]

[Text] In the course of radical restructuring of economic management, a new form of self-financing—i.e., leasing of state enterprises by labor collectives—becomes more and more prominent. Experience has shown that at such enterprises efficiency rises sharply and profits and labor productivity increase.

To further the principles of socialist economic self-management and enhance labor collectives' initiative, entrepreneurial skills and stake in improved utilization of means of production, administrative bodies have directed ministries and agencies to broaden the use of leasing at the enterprise (complex) level, primarily by leasing to labor collectives unevenly performing medium-sized and small enterprises specializing in consumer goods production.

Leasing within enterprises has been growing as well. After our newspaper published articles describing the experience and problems of collectives that leased property ("New Form of Self-Financing," in No.29, and

"How to Stop Losses," in No.32) we received many requests to publish a list of procedures for leasing enterprises to labor collectives. Such requests came, for instance, from the management of the Chernogorskiy casting and machining plant; from V.Tumanin, director of the silicate-reinforced concrete slabs plant in Dzerzhinsk, which is currently under construction; from R.Safin, director of the Altmetyevsk center for young people's scientific and technical activities, and others. Here, we are carrying out their requests.

For those drafting a lease contract, the Commission on Improving Management, Planning and the Economic System, recommends using the "General Procedures on Leasing State Enterprises by Labor Collectives," which it approved and which are being published here, as well as "Provisional Recommendations for Using Lease Contract at Enterprises (Complexes) and Organizations in the Industrial Sector of the Economy," approved by a joint decree of the USSR State Committee on Labor and VTSPS [All-Union Central Council of Trade Unions], which were published in *EKONOMICHESKAYA GAZETA*, No 29.

#### 1. Profit Distribution at Leased Enterprises

1.1 Business activity of the leased enterprise ("LE") is based on the modified second model of economic accountability, which entails distribution of the enterprise's profits after subtracting from its gross income all costs (including contributions to the fund to replace depreciated equipment, etc.)

Economic profit of the leased enterprise is calculated as follows:

$EP = Y - C - RT^1 - I - T^1 - L$ , where EP is economic profit, Y gross income from the sale of goods and services, C costs, RT tax on [labor] resources levied on income, I interest payments, T tax on economic income and L lease payments.

1.2 The amount of lease payments is written into the agreement with the supervisory economic management entity ("organization") as a fixed ruble sum paid out of "LE's" income and remitted to "organization" on a set date. Lease contract is usually of long duration, covering 8 to 15 years. The amount of lease payments is fixed for the entire term of the contract, broken down into yearly, quarterly or monthly instalments. The actual amount to be paid, pay period and dates of payment are agreed upon by the contracting parties and written into the contract.

1.3 The amount of lease payments is determined keeping in mind that it includes contributions to the central industry funds and reserves of the supervisory organization to support its activities and to address sector-wide problems<sup>2</sup>; the amount must be based on the book value and technological level of leased plant and equipment, the size of the leased enterprise's turnover, profitability

(or lack thereof), growth prospects, demand for the goods (or services) it produces, specific material and technical features and other objective factors affecting "LE," assessed according to accepted accounting principles.

If state budget is funded centrally, the amount of lease payments also includes sums remitted to "organization" to be paid to the state.

1.4 "LE" can settle its accounts with the state either on a decentralized or a centralized basis. A switch to lease contract by an enterprise does not entail any preferential treatment as far as taxes are concerned. Profit-making enterprises that switch to lease contract can assume the responsibility for paying their own taxes, which should then be excluded from calculations when the local budget is drafted and their contribution to the state is set.

ASSR Councils of Ministers and ispolkoms of local soviets of people's deputies, on the request of enterprises switching to lease contract which pay their own taxes, have the right to establish procedures for paying taxes on "LE's" income on a contractual basis, based on a previously set ruble sum, without subsequently recalculating it based on their actual performance. "LE's" financial documents which specify the guaranteed amount of taxes and the procedure for their payment can be modified with the consent of both contracting parties (if substantial changes occurs in "LE's" business conditions which do not stem from "LE's" actions).

If state budget is funded centrally (i.e., through "organization"), and if both parties agree, the amount of lease payments can be set so that they include a ruble sum remitted to "organization" to be paid to the state, without later adjusting the amount of these remittances. If upon recalculation it turns out that "organization", based on its actual income, owes the state more than it received from its subordinate "LE," it will have to come up with the difference from its own funds.

1.5 The part of "LE's" income that remains after all charges (which include contributions to social security) have been subtracted, and corrected for all unplanned income, expenditures and losses (including sums received or paid in fines or damages), cannot be claimed by any other entity.

"LE" can set up a risk fund (financial reserve) in the amount it considers necessary.

The amounts contributed to the business growth and research and development fund or the social development fund are set by "LE" independently, without any normative guidelines from the supervisory entity. While distributing its economic profits, "LE" must make sure that the growth rate of labor productivity exceeds that of average compensation.

When it creates the above-mentioned funds, "LE's" most important concern is to provide for industrial and technological growth of the enterprise, as specified in the lease contract.

1.6 The joint labor compensation fund is funded with the remainder of economic profits, i.e., after subtracting contributions to all other funds that the enterprise sets up independently.

The following formula for calculating contributions to the joint labor compensation fund should be adopted by the leased enterprise:

$JLCF = Y - UL + UR - RF - GF - SF$ , where JLCF is the joint labor compensation fund, UL and UR are unplanned losses and revenues, respectively, RF is the amount contributed to the risk fund, GF to the business growth and research and development fund and SF to the social development fund.

It seems appropriate to give priority to creating the risk fund.

1.7 The council of the labor collective at "LE" retains the full right to distribute the joint labor compensation fund based on the difficulty of tasks performed and contribution from each structural component (shop, site, team, etc.) to the final results of the activity of the enterprise.

The share of each employee of "LE" can be determined with the help of existing wage scales, using the labor participation coefficient as well as specially developed scales of labor compensation and material stimulus.

## 2. Contractual Agreement between "Organization" and "LE"

2.1 The leasing relationship between "organization" and "LE" is described in a special document called the contract. It specifies the rights and responsibilities of the parties.

2.2 As per contractual agreement, the enterprise leases commercial buildings, structures, equipment, housing and leisure and cultural facilities, pledging to maintain them in full compliance with the rules of their utilization.

One of "LE's" main responsibilities is to safeguard and increase socialist property, and it bears financial responsibility for any damage caused to it.

2.3 "LE" pledges to repair, restore and improve capital equipment, using up-to-date technologies available both in this country and abroad; this pledge should be taken into consideration when the business growth and research and development fund is established.

2.4 "LE" drafts its own 1- and 5-year plans, based on its state orders, target figures and customer orders.

2.5 As per contractual agreement, "organization" pledges to supply "LE" with funds for raw materials, inputs and machinery, based on the enterprise's production needs and taking into consideration established norms and targets. "LE's" supplies and distribution of its output should be effected both centrally and through the wholesale trade system.

2.6 "Organization" offers "LE" various forms of assistance in technological retooling on a contractual basis, taking into account special characteristics and growth prospects of the industry (and, accordingly, the enterprise), within the framework of national economic priorities.

2.7 Based on the industry's growth prospects, "organization" actively participates, on a contractual basis, in training the workforce for "LE", and in retraining employees in light of the requirements of scientific and technological progress.

2.8 "Organization", on a contractual basis, provides regular information to "LE" on market conditions and level of market saturation with goods and services "LE" offers. "Organization" handles "LE's" advertising in domestic and foreign markets.

2.9 "Organization," on a contractual basis, may offer consulting services to "LE" in its relations with other supervisory economic management organizations.

2.10 The duration of the contract is agreed upon by the contracting parties.

2.11 The terms of the contract can be revised only if centrally set prices for "LE's" output or raw materials it uses are changed, as well as in other instances specified in the contract.

2.12 The contract can be terminated by one of the contracting parties upon mutual agreement. If the terms of the lease contract are not fulfilled, conflicts can be settled either by arbitration (if the contract is between a state enterprise and an agency) or by the court (if the contract is between a state enterprise and a cooperative).

2.13 The contract may specify punitive sanctions on either contracting party in case one side fails to fulfill certain contract provisions.

2.14 These procedures, when applied to specific industries and enterprises, can be expanded to include their specific features. Actual contracts, signed by "LE" and "organization", should incorporate both general leasing principles and industry-specific features.

2.15 The same general principles used in leasing "LE," leasing can be applied within the enterprise itself. "LE" has the right to use lease contracts within its structural

divisions, concluding agreements between the management and labor collectives of various shops, sites, shifts, teams, as well as with individuals employees.

#### Footnotes

1. This component of economic income does not apply to enterprises that pay their own taxes, as well as to various structural divisions of enterprises.

2. Contributions to industry funds may include some wear and tear charges.

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**Abalkin On Increasing Labor Productivity**  
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[Article by Leonid Abalkin, Academician, director of the Institute of Economics of the USSR Academy of Sciences, specialist in the area of political economics of socialism and methodology of political economics: "Productivity of Public Labor"]

[Text] Increasing the productivity of public labor is at the present time a major and fundamental issue on which the acceleration of the socioeconomic development of the USSR depends. And this is a question of the need to achieve an essential, radical increase in labor productivity and reach a qualitatively new level in a relatively short period of time. Only on this basis is it possible to successfully resolve the entire complex of modern economic and social problems and further improve the life of the people. And the solutions to practical problems should, naturally, be based on a firm theoretical foundation.

The productivity of public labor was profoundly and comprehensively analyzed by the founders of Marxism-Leninism. Marx pointed out the existence of a universal economic law according to which production outlays constantly decrease and live labor becomes increasingly productive. He drew a conclusion that this law is a law of the economy of time. There is no doubt that Marx considered the economy of working time to be nothing less than the most general expression of the growth of labor productivity.

On the basis of an analysis of the theoretical legacy of the founders of scientific communism one can single out the following main forms of manifestation of the growth of the productivity of public labor. The first form in which the economy of working time is most clearly manifested consists in reducing labor expenditures per unit of consumer value. Here attention is focused on an absolute reduction of labor expenditures necessary for satisfying a particular social need. Singling out this form as independent orients the theory and practice of socialist management toward a search for methods of management of the economy of labor and material resources: a reduction

(absolute) of the number of workers in one production unit or another, and economy (reduction of expenditure norms) of raw materials, fuel and energy.

The second form of manifestation of the growth of labor productivity is the growth of the mass of consumer values created per unit of time. Here attention is focused not on expenditures but on the results of labor. And the growth of the mass of consumer values means not simply a quantitative increase in products that are produced, but improvement of their qualitative parameters. This form presupposes extensive utilization in planning and economic stimulation of indicators that reflect precisely the consumer value of the goods. Capacity, productivity, reliability, and other useful effect.

The third form is a change in the ratio between expenditures of live and embodied labor. Here, as Marx pointed out, "a relatively greater application of past labor compared to live labor marks an increase in the productivity of public labor and an increase in public wealth."<sup>1</sup> Various variants are possible here. In one case with the reduction of the expenditures of live labor, expenditures of past (embodied) labor per unit of output will increase both relatively and absolutely (with the reduction of total expenditures) and in the other—expenditures of past labor will increase only relatively, but their absolute amount decreases. The first case takes place, as a rule, with the replacement of manual labor by mechanized labor and the second—with the replacement of outdated equipment with new, more progressive and effective equipment.

The fourth form of manifestation of the growth of the productivity of public labor is an increase in the mass and norm of added output. As F. Engels pointed out, "a surplus of the product of labor over outlays for maintaining labor and the formation and accumulation from this of a surplus public production and reserve fund—all this has been and still is the basis for any kind of social, political and mental progress."<sup>2</sup>

Finally, one can single out another, a fifth form of manifestation of growth of labor productivity—reduction of turnover time. This form pertains directly to saving time, but time itself is not the same here as it is in other cases but rather it is calendar time. In this case the savings is achieved through reducing the time of production and circulation—acceleration of the time periods for construction and assimilation of production capacities and the most rapid introduction into production of scientific and technical achievements and advanced experience. As a result, with the same resources of live and embodied labor the final results for the year are higher. And this is tantamount to increasing the annual productivity of public labor.

The productivity of public labor is legitimately regarded as an expression of the savings on live and embodied labor and thus as a generalized characterization of the effectiveness of production. At the present time many

aspects of the effectiveness of public production and its criteria and indicators are debatable. But one can consider it established that in any society the effectiveness of production reflects the effect of the basic economic law inherent in it; it characterizes the growth of the final results of production and the savings on live and embodied labor; because of their complexity and many aspects they are reflected by a system of indicators.

Since the effectiveness of public production is reflected in a number of indicators it is appropriate to raise the question of the generalizing indicator of the effectiveness which would most fully reflect the essence of the given phenomenon, its major aspects and characteristics. This indicator, which occupies a central place in the system, is the productivity of public labor. In statistical practice it is calculated as the ratio between the physical volume of national income produced during the year and the number of workers in the sphere of material production.

Each new mode of production has won out in the final analysis because it created a higher level of labor productivity that could not be achieved by the preceding one. This pertains to the communist mode of production as well. The achievement of superiority over capitalism in terms of labor productivity is the historic mission and the task of socialism. The ideas sometimes encountered in literature to the effect that the solution to this problem pertains to the highest base of communism cannot be considered well-founded. Reflecting certain difficulties encountered by the countries of socialism some ideas whether intentionally or not cast doubt upon the ability of socialism to prove its superiority over the capitalist system in such a decisive sphere as labor productivity.

Within each mode of production the criterion for labor productivity is the basis for selecting the most progressive forms of organization of economic life. During the process of deliberate selection and application of the corresponding forms of organization of production and management one takes into account the degree to which (in comparison to others) they contribute to the growth of labor productivity. The adoption of decisions in spite of this requirement leads, as experience shows, to extremely negative consequences. Precisely this is one of the reasons for the low effectiveness of production and the inadequate return from labor and material resources in the Soviet economy. One can understand why this happens: after all, an underestimation of labor productivity is only a variety of subdivision, an example of ignoring objective laws.

Under the conditions of socialism the growth of labor productivity is a basis for increasing the real incomes of the population and increasing the wages of individual workers and labor collectives as a whole. And this has been ignored in the recent past.

Socialism creates new and broader possibilities for unwavering and rapid growth of labor productivity. They are conditioned by the establishment of public

ownership of the means of production, planned management of the economy, and the unity of interests of the society, collective and each worker. But practice has shown that these possibilities are not realized "of their own accord." They are transformed into reality only on the basis of purposeful work for improving the organization of production and management, smooth operation of all units of the national economy, development of the social activity of the masses, and the strictest discipline.

In the second half of the 1980's questions of increasing labor productivity were raised in a largely new way and became exceptionally crucial. This was brought about by a number of factors, the main one of which was the need to change the country's national economy over to a consistently intensive type of development. Today there are no alternatives to intensification. Without it is impossible to solve the large-scale economic and social problems and place the achievements of the scientific and technical revolution in the service of the interests of the people. One should also take into account that many traditional, essentially extensive factors have been exhausted. Today practically from 90 to 100 percent of the increase in the national income and output of the main branches of the national economy must be provided through increasing labor productivity.

The changeover of the economy to the intensive path of development increases the significance of efficient utilization not only of live but also of embodied labor. This is linked to the need to reduce the material-intensiveness of products and increase the output-capital ratio, which pertains directly to the productivity of public labor.

The output-capital ratio in the USSR, and also in certain other socialist countries, has been experiencing a fairly stable tendency toward reduction recently. In economic literature attempts are even made sometimes to justify this reduction and prove that it is inevitable if not a law. It seems that there are no adequate theoretical substantiations for this. The output-capital ratio, as we know, decreases if the increase in labor productivity lags behind the increase in its capital availability. Consequently, the reason for this reduction lies in the low rates of growth of labor productivity, the application of insufficiently effective technical equipment, or in poor utilization of it.

More rapid growth of capital availability as compared to the growth of labor productivity can be justified in only two cases. First, it can take place in extraction branches when there is a deterioration of the mining and geological conditions (while the methods of extracting raw material remain the same). Second, when manual labor is first replaced by mechanized labor, when there is an increase not only in the proportion, but also in the absolute amount of past labor per unit of output. In the process of improving technical equipment more rapid growth of labor productivity (as compared to capital

availability) should be the law. An important prerequisite for this dynamic is a reduction of the level of socially necessary expenditures and, consequently, prices per unit of capacity, productivity or other useful effect of new technical equipment.

Technical or, rather, scientific and technical progress creates conditions for high growth rates of labor productivity and at the same time for increased output-capital ratio. This takes place, naturally, only with steady improvement of the organization of production and management. Broad possibilities of solving these problems are opened up by the scientific and technical revolution and the related changeover to principally new technical equipment and technology. The socialist countries, only at the very beginning of the path that leads to this solution to problems that are historic in their significance and scale having to do with an organic combination of the achievements of the scientific and technical revolution and the advantages of the socialist system of economy. It will still be necessary to do a great deal in order to create the organizational, planning-economic, and sociopolitical mechanisms that provide for rapid and effective mastery of the latest achievements of science and technology in the interests of the people.

The output-capital ratio is linked to the growth of labor productivity in another respect as well. Marx wrote that under the condition of the growth of labor productivity the essential elements of permanent capital (above all machines and equipment) can be reproduced with less labor and therefore "a smaller part of the cost of the product can completely replace *in natura* the permanent part. In this case the surplus can be used for forming new added capital or a larger part of the output can be given the form of objects of consumption, or else the added labor can be reduced."<sup>3</sup>

With respect to socialism this means that the growth of the output-capital ratio achieved as a result of increasing labor productivity relatively reduces the reimbursement fund. The savings that are formed can be used for such purposes as increasing the accumulation fund, expanding the production of consumer goods, or reducing the length of working time. One direction or another for utilizing the savings that are achieved is selected when developing the economic and social policy taking into account the concrete condition of the national economy and the priorities of various tasks.

The crucial and critical nature of the problems being considered is also linked to the fact that in the second half of the 1970's and the beginning of the 1980's in the USSR there was a marked reduction of the growth rates of labor productivity and the earmarked plans for increasing it were not completely fulfilled. The assignments of the 11th Five-Year Plan for increasing labor productivity were not fulfilled. The productivity of public labor increased during 1981-1985 by 16.3 percent

while the plan was for 17.8 percent, and labor productivity in industry increased by 17 percent with a plan for 23 percent. Analogous processes (on various scales) were observed in the majority of countries of the socialist community.

The reduction of the growth rates of labor productivity entailed a number of negative consequences. Certain disproportions arose in the development of the national economy and were aggravated, and assignments for improving the well-being of the people were not carried out. The violation of the objective economic requirement for more rapid growth of labor productivity as compared to the growth of wages had an extremely negative effect.

The insistent need to accelerate the growth of labor productivity was reflected in the economic policy of the communist and workers' parties of the countries of the socialist community. In the USSR in keeping with the decisions of the 27th CPSU Congress for the 12th Five-Year Plan (1986-1990) we have earmarked growth rates of labor productivity that are higher than under the 11th Five-Year Plan. The productivity of public labor will have to be increased by 20-23 percent as compared to 16.3 percent during the preceding 5 years. For the first time practically all of the increase in national income, output from industry, and other production branches is to be obtained as a result of increasing labor productivity. This is one of the fundamental peculiarities of the 12th Five-Year Plan.

In 1986 we managed to overcome negative tendencies that were inherent in the preceding stage. The productivity of public labor increased by 3.8 percent as compared to 3.1 percent in 1981-1985. But in 1987 the rates dropped again and the increase in labor productivity amounted to only 2.4 percent.

Large measures have been earmarked in the USSR for economizing on embodied labor. Through consistent implementation of the policy of resource saving, economizing will become the main source of satisfying the additional needs for fuel, raw materials and other materials. As a result of this, in 1986-1990 it is intended to satisfy 60-65 percent of the increased need for the most important resources.

In the documents of the sister parties that earmark the tasks of economic and social development for 1986-1990, in spite of the difference in specific figures, one can clearly see the common tasks of increasing labor productivity as the most important, key direction for the intensification of public production. A practical solution to the problem of accelerating the growth of the productivity of public labor leads us to the problem of reserves and factors of increasing it further.

Successful fulfillment of the tasks of the economic policy in the area of increasing the effectiveness of production presupposes putting into operation the entire totality of

factors and reserves for increasing the productivity of public labor. An important condition for this is theoretical specification and clarity in singling out various factors and in understanding the ways of utilizing them.

Labor productivity, as Marx proved, depends to a decisive degree on the productive force of labor. In addition to this the fruitfulness or productivity of labor is determined by the intensiveness of the labor itself. Therefore under the conditions of socialism condensing working time and increasing the intensiveness of labor to the socially normal level comprise an important reserve for increasing labor productivity. When this level is achieved further increase in labor productivity is totally determined by the growth of its productive force. Significant losses of working time, violation of production rhythm, and poor labor discipline indicate significant reserves for increasing labor productivity as a result of increasing its intensiveness and condensing working time.

It is necessary to distinguish the paths, reserves and also factors in the growth of labor productivity. By paths or directions for increasing labor productivity we mean its variables: the growth of product output (increased productivity of live labor), economy of raw materials, fuel and energy, improvement of the utilization of fixed capital, and improvement of product quality.

Reserves, in our opinion, include still unutilized possibilities of economizing on expenditures of live and embodied labor. Far from all reserves are on the surface; there are also those which are sometimes difficult to discover. They are related to incomplete loading of production capacities, the accumulation of above-normative supplies of raw material and prepared products, slow dissemination of advanced experience, and so forth. All of them embody unutilized possibilities. Life provides us with impressive examples, as was noted at the June (1987) Plenum of the CPSU Central Committee, that show the immense reserves that exist everywhere. Numerous facts tell of the possibilities of bursting forward both with respect to labor productivity and with respect to the growth rates of agricultural production. This was proved by the fairly recently created intensive labor collectives which have been assigned land and other means of production for a long period of time.

Factors in the growth of labor productivity are those means by which one exerts a conscious and deliberate influence on the fruitfulness of labor and on efficient utilization of live and embodied labor. Considering these factors it is necessary to always understand that this is a question of the productivity, the fruitfulness of human labor. The working man is the bearer of the creative principle in any production. Therefore whether we are speaking about technical equipment and technology, or about the organization of production and management, all of them are factors in the growth of the productive force of human labor.

Scientific and technical progress has been and still is a most important factor in the growth of labor productivity. In all of its areas and with skillful utilization it exerts the strongest influence on the savings of live and embodied labor. In particular the application in production of principally new technical equipment and technology makes it possible to achieve a sharp acceleration (leap) in the growth rates of labor productivity and, in the final analysis, reach the highest world level. This is linked to the revolutionary changes in technical equipment and technology that are typical of the latest achievements of the scientific and technical revolution.

The complication of requirements for scientific and technical progress make it necessary to analyze the question of the limits of the application of machines under socialism. With the elimination of private ownership one removes the social boundaries and obstacles on the path to scientific and technical progress that are inherent in capitalism. In this (and only in this) can one speak about expansion of the boundaries of the application of new technical equipment under socialism.

At the same time socialism has its own, fairly rigid limits to the application of machines. Of the numerous variants of the technical solutions to various problems (and these solutions, as a rule, have many variants) it is necessary to select the one that corresponds to the greatest degree to the complex of economic and social requirements for new technical equipment. Its application can be justified only when it corresponds to the latest achievements of scientific and technical thought; provides for an increase in the effectiveness of expenditures of live and embodied labor as compared to the technical equipment that is being used; contributes to improving the working conditions and increasing the proportion of intellectual labor; and provides for strict observance of the requirements for the protection of the environment. If the new technical equipment does not meet even one of these parameters, its application is unjustified (although, possibly it might be necessary because of various factors). At the same time the aforementioned requirement for new technical equipment are certainly not all equally important. The decisive requirement is savings, that is, the achievement of the greatest labor productivity.

Thus the limits of the application of machines considered according to the criterion of effectiveness have already been established. This is one of the most important characteristics of the progressiveness of the economic system of socialism which is objectively oriented toward the application of the most effective technical equipment.

Under the conditions of the changeover of the socialist economy to the intensive path of development greater requirements are placed on new technical equipment and technology in another respect as well. They must provide not only for growth of labor productivity, but also for reduction of expenditures of raw materials, fuel and energy per unit of final product and, moreover,

increased yield of output per unit of value of machines, equipment, or systems of them. Herein lies the essence of the resource-saving direction of scientific and technical progress that is inherent in the intensive form of expanded socialist reproduction. Here one sees most fully manifested the need discovered by Marx for economizing on working time and live and embodied labor.

An immense role in increasing labor productivity is played by organizational-economic and management factors. Their significance increases predictably with the growth of the scale of the national economy and the complication of economic ties caused by the development of collectivization of production. Within the given group of factors one can single out several areas that are especially important. First and foremost there is improvement of the forms of organization of public production. Even with existing resources consistent specialization and concentration of production can significantly increase labor productivity. Of course this is a question of real and not simply formal concentration. The latter exists in cases where within the framework of large (in terms of number of workers and volume of output) enterprises produce products of an unjustifiably broad assortment and a kind of "barter economy" develops. Improvement of the forms of organization of production requires a unified purposeful management and a decisive struggle against departmental and local prejudices.

Today the development of the production and social infrastructure, which lags behind modern requirements in many respects, is extremely important in increasing the productivity of public labor. Even Marx, when comparing the "social forces of labor" to natural conditions, noted that labor productivity depends to a decisive degree on progressive improvement of the social forces of labor which is conditioned, in particular, "by large-scale production, concentration of capital, and combination of labor," and also by "a reduction of time and space with the help of means of communication and transportation...."

An important area in this group of factors is improvement of planning, economic incentives, forms and methods of management, and the economic mechanism as a whole. Complete and dynamic balance of plans, an efficiently constructed system of planning indicators, the application of effective levers of cost accounting and material incentives, and flexibility of organizational forms of management exert a powerful influence on the productivity of public labor.

And they can both contribute to the fruitfulness of live labor and the economy of embodied labor as well as impede them. This depends on the correlation (adequacy) of the economic mechanism as a whole and individual elements of it to the peculiarities of one or another stage of the country's development and the principles of the party economic policy. Through the economic mechanism one provides for coordination in

the system of economic interests of the society, the labor collectives, and the workers. This kind of coordination is an important and mandatory condition for high and stable rates of growth of labor productivity.

An essential role here is played by economic stimulation which is regarded as the unity of material incentives and material responsibility. Experience shows that one-sided application of levels of material incentives in separation from effective and irreversible responsibility does a poor job of stimulating the achievement of high national economic results or the growth of labor productivity. The question of the forms and permissible limits of material responsibility and its applicability to management personnel, individual workers, and labor collectives as a whole requires deep political-economic analysis today. These questions become especially crucial when the USSR Law on the State Enterprise (Association) goes into effect.

Finally, the group of factors under consideration includes strengthening planning, contractual, labor and executive discipline, and unwaveringly observing state laws—everything that provides for smoothness and efficiency in economic ties. Increasing the productivity of the total public labor and eliminating all kinds of losses of working time and material resources depend largely on these.

Through organizational-economic and management factors production relations affect the growth of labor productivity. For it is precisely in the process of improving the organization of production and management that concrete forms of production relations are fine-tuned and a correspondence is provided between the achieved level and the tendencies in the development of productive forces. And this is an important and indispensable condition for the growth of the productivity of public labor. The peculiarity of the factors under consideration consists in that they do not require any significant material resources but with skillful utilization they produce an appreciable effect.

Finally, under modern conditions there is an increase in the role of social and sociopsychological factors in the growth of labor productivity. They include all those that in one way or another are linked to the role of man and the creation of an atmosphere of highly productive labor and creative inquiry. The social factors include increasing the qualifications and the general educational level of the workers, improving working conditions, raising the standard of living, and developing the sphere of services, which stimulate the labor activity of the masses and socialist competition. The sociopsychological factors include developing a conscientious attitude toward labor and public wealth, forming in each worker a feeling of being the master of the country and production, increasing the prestige of highly productive labor, fighting against the force of inertia and outdated stereotypes of economic thinking and behavior, and forming a modern style of economic thinking.

The ideas expressed relatively recently that along with the development of automation and cybernetics in production the role of man, the human factor decreases can be refuted by life itself and the practice of socialist construction. This is not shown by the reduction in the proportion of expenditures of live labor in the total expenditures either. On the contrary, the greater the mass of needs of production the worker puts into motion the greater the role of the personal factor and the greater the losses can be with a careless, irresponsible attitude toward technical equipment.

Apparently the political economy of socialism should make a serious change in the direction of a comprehensive study of the role and functions of the worker as the main productive force and the subject of production relations. This includes, in particular, an analysis of the system and laws of development of the needs and interests of the worker (both individual and total), the conditions and motives for labor activity, the ways of activating the participation of the masses in management, and so forth.

With the formation of the world socialist economy and the expansion of economic and scientific-technical ties among the fraternal countries, new, additional possibilities are created for increasing the effectiveness of public production. The deepening of socialist economic integration, improvement of the forms and methods of cooperation, and exchange of collective experience comprise an important factor in the growth of labor productivity.

All of the factors that have been considered are unified and only their comprehensive, coordinated utilization will provide a key to success. It is impossible, for example, to accelerate scientific and technical progress without simultaneous (and coordinated) improvement of the organization of production and management. At the same time, it is impossible to carry out either the one or the other if social factors are not put to work. In turn, successful development of the social activity of the masses and development of an economical attitude toward labor and public wealth are unthinkable without an essential improvement of the organization of production, and so forth.

The comprehensive investigation of the problems that have been considered<sup>5</sup> must be concretized on the basis of the experience of socialist construction of not one but a number of countries. This will make it possible to determine more precisely the paths to intensification of the socialist economy and the strengthening of its foundation—growth of the productivity of public labor.

#### Footnotes

1. K. Marx and F. Engels, "Soch." [Works], Vol 25, part II, p 245.

2. Ibid., Vol 20, p 199.

3. Ibid., Vol 25, part II, p 419.

4. Ibid., Vol 16, p 128.

5. These problems are considered in greater detail in the international collective monograph of scholars of Bulgaria, the GDR, the USSR and Czechoslovakia, "The Productivity of Public Labor: Essence, Role, and Growth Factors," Moscow, 1987.

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#### Growth of Labor Production in Industrial Sectors Analyzed

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[Article by B. Plyshevskiy, doctor of economic sciences: "Untapped Potential for Improving the Efficiency of Social Production"]

[Text] The 19th All-Union Party Conference took up matters which have vital importance to the party and to the country. In the course of their discussion a realistic evaluation was made of what has been done, progress in execution of decisions taken was subjected to critical analysis, issues requiring first attention were raised pointedly, constructive experience was summarized, and the prospects for future development were delineated. But it is just as important to evaluate qualitative changes in the economy's efficiency.

In the period leading up to the conference attention was quite often turned mainly to indicators of economic and social development.

#### The Beginning of a Turnaround

The documents of the 27th CPSU Congress and the Theses of the Central Committee for the 19th All-Union Party Conference noted the connection between the growth of precrisis phenomena in the economy and the unfavorable situation with the efficiency of economic activity. The first question that had to be answered, then, was how the general atmosphere in the economy has changed and what impact changes in efficiency have had on it. Over the period 1986-1987, by contrast with the seventies and the early eighties, the absolute growth of output in branches and sectors has been substantially greater thanks to the faster pace. In industry and agriculture they were more than one-third greater than the respective annual averages for the previous FYP, while activation of fixed capital and capital investments assimilated grew 2.1-fold. The economy's development has become steadier.

This trend of an increase in the pace can also be seen in efficiency indicators. Acceleration of the rise of the

efficiency of social production has been expressed above all in the higher growth rates of labor productivity (see Table 1).

**Table 1. Growth Rates of Labor Productivity by Branches of Industry (in percentage)**

	1984-1985	1986-1987	1st Quarter 1988
Heavy industry	3.5	4.9	—
Breakdown by complexes:			
—Fuel and energy	0.4	3.4	5.4
—Metallurgical	1.6	4.0	6.8
—Machinebuilding	5.2	6.3	8.5
—Chemical and forest products	4.1	4.4	7.6
Light industry	1.9	2.5	6.8
Manufacturing industry of the APK	3.2	5.4	3.4

The planning targets set for the period 1986-1987 for the rise of labor productivity have been overfulfilled by the main sectors. In industry they rose 8.8 percent in the 2 years (8.7 percent according to the plan), in the socialized sector of agriculture the growth was 11.3 percent (plan—9.7 percent), while in construction the increase was 11.3 percent as against 7.3 percent in the plan. In common-carrier rail transportation labor productivity rose 15 instead of the planned 4.4 percent; the 5-year target was overfulfilled in 2 years thanks to the transition to cost accounting (khozaschet) and self-financing. In 1988 the rise in the rates of increase of labor productivity is continuing.

The role of this factor in economic development has increased. Whereas in the 11th FYP 86 percent of the growth of the national income produced resulted from it, in the period 1986-1987 its share was 98 percent. In industry this factor's share in the growth of the volume of output rose to 99 percent. In 1987 the rise in labor productivity for the first time accounted for the entire growth of the national income, industrial output, and construction and installation work.

An accelerated growth of labor productivity has been achieved in the branches of the fuel and energy and metallurgical complexes and the food industry; in the machinebuilding and chemical and forest products complexes it was smaller. But even in these branches virtually the entire growth of output was achieved without bringing in additional manpower. Machinebuilding and heavy industry as a whole have developed with a stable production force.

A qualitatively new frontier has also been reached in that the rise in labor productivity for the first time made it possible to commit the entire growth of labor resources to the sphere of providing services to the public. In the current FYP there is not only a relative, but even an absolute shrinking of the work force in enterprises and organizations. This process has accelerated in agriculture and has also spread to industry and transportation. The shifts in the level of employment are vividly illustrated

by figures on the change in the size of the labor force in the principal sectors (see Table 2).

**Table 2. Growth in the Number of Workers (annual average, thousands of persons)**

	1981-1985	1986-1987	1987
Industry	242	0	-123
Agriculture	-2	-175	-238
Construction	50	236	306
Transportation	111	-164	-307
Workers and employees—total (millions of persons)	1.06	0.6	0.5

At the same time, it is striking that in spite of the accelerated rise of labor productivity in the sectors, its average annual growth rates in the period 1986-1987 remained at the level of the 11th FYP (3.1 percent). The discrepancy between the trends of sectoral components of labor productivity in various segments of the economy and the overall indicators for the entire economy resulted from structural changes not directly related to the efficiency of production activity.

The improvement of the qualitative indicators reflecting the efficiency of production has also been manifested in the dynamic behavior of an entire group of indicators reflecting the economy's turn toward better utilization of resources: the relationship between the growth rates of productivity and those of remuneration, a drop in production cost, and a faster turnover rate of [working capital].

Right up until the middle of the last FYP remuneration was growing faster than productivity in a number of major sectors and in the national economy as a whole. At this point this adverse relation has mainly been overcome, and the increase in worker income has been brought more in line with the results of their performance. In the most important sectors labor productivity has grown faster than remuneration, although at a sizable number of enterprises and in certain sectors the situation has still not normalized. In the 11th FYP wages increased between 1.8 and 1.2 percent in agriculture, construction, and rail transportation for every 1 percent of the rise of labor productivity, and in the period 1986-1987 this relation was 0.7-0.83 percent. In industry it was 0.57 percent as against 0.82 percent in the last FYP.

The drop in production cost has speeded up: 2.6-fold in industry and fourfold in construction. In the 11th FYP cost per ruble of the marketed output of industry dropped an average of 0.3 percent per year, while in the period 1986-1987 the average annual drop was 0.8 percent. The drop in the cost per ruble of construction and installation work has averaged 1 percent in the years of the FYP so far, as compared to 0.25 percent in the previous period.

There have also been definite shifts in utilization of fixed productive capital, the rate of decline of the output-capital ratio is not as fast as it was. In industry, because many enterprises have begun to operate on more than one shift, because utilization of production capacity has improved, and because outdated equipment has been written off, the output-capital ratio has been dropping at an average annual rate of 1.3 percent, which is two-fifths of what it was in the last FYP. Because the potential for raising the output-capital ratio has been utilized, its drop in agriculture has slowed to almost half of what it was (from 3.9 to 2 percent). The drop in the output-capital ratio in the economy as a whole slowed in 1986 to less than half of what it was. But last year the national income per ruble of fixed productive capital dropped 2.8 percent, or by practically the same proportion as in the last FYP (2.9 percent). The average drop in the output-capital ratio over the last 2 years was 2.1 percent; that is, it was approximately one-fourth less than the average annual figures for the 11th FYP. The smaller rates of decline of the output-capital ratio for the economy as compared to the sectoral indicators occurred because its overall index was influenced by structural changes between the extractive and manufacturing branches and because the drop in the materials intensiveness of output slowed down.

But still there has not been an appreciable improvement of utilization of the production potential; opportunities for raising the output-capital ratio have not been fully realized. For instance, in industry alone tardy assimilation of investments and incomplete utilization of the capacities of the most important projects activated and undergoing reconstruction in the last 2 years signified a 1.3-billion-ruble shortfall of output in 1987 (4 percent of the annual growth of industrial production). Many enterprises built in the previous period have not been brought up to rated capacity. The rise in the technical level of the production potential and the return from it have been adversely affected by the continuing failure to fulfill targets for activation of fixed capital. A certain turnaround has been delineated in acceleration of the rate of turnover of material resources; after rising for many years, the proportion of unfinished construction and uninstalled equipment has decreased, and for the first time since the seventies the growth of the volume of output exceeded the growth of inventories. For instance, in 1986 stocks of commodities and supplies rose 1.4 percent, while the gross social product rose 3 percent (in current prices). A growth of output faster than the growth of inventories was evident in a majority of sectors.

#### The Shortcomings and Their Principal Manifestations

The favorable results, as noted in the Theses of the CPSU Central Committee for the 19th All-Union Party Conference, do not afford a basis for speaking about a radical turnabout in the country's socioeconomic development. The "overheavy" structure of the economy still

persists along with a clearly manifested cost orientation. Targets are not being fulfilled for the growth of national income or for resource conservation.

The figures examined above indicate that the rise in the growth rates of labor productivity has the decisive role in the acceleration of the growth of production that has been achieved in recent years. But the figures given reflect more the quantitative aspect of changes, without revealing the processes down below. The question arises, then, of what lies behind the higher growth rates of labor productivity or the drop in the production cost: A rise in efficiency alone, or are there also some additional phenomena that have been little studied?

That is why we must go back to certain initial concepts which are taken for granted in theory, but are quite often forgotten in practice or are not expounded in a clear and straightforward way in popular publications. The growth rates of labor productivity, just like those of any other qualitative indicator, taken all by themselves, still are not identical to a corresponding change in efficiency. These two different grading scales coincide only provided that the output produced corresponds entirely to the needs of society. This correspondence did not obtain in the period under consideration. That is why the figures on acceleration of the growth rates of labor productivity and of the volume indicators of output need a more thorough analysis. In large part they still reflect the persistent orientation in the economic activity of enterprises toward increasing gross value indicators. The rise in the growth rates of industrial production has not been reinforced by a corresponding improvement of contract discipline or of fulfillment of planning targets for output according to the projected products list. Obligations related to product deliveries were fulfilled at a level of 98 percent in 1985, 98.6 percent in 1986, and 98.3 percent in 1987. In 1986 deliveries were 9.4 billion rubles short of those called for under contract, in 1987 the shortfall was greater than 12 billion rubles.

While targets for production of the products of animal husbandry were fulfilled in agriculture, those for the harvest of grain, vegetables, potatoes, and so on, were not. While the level of assimilation of limit-allowances of capital investments was relatively high in construction, activation of many of the most important production projects included in the state plan has been lagging; while in transportation targets for the total volume of traffic were overfulfilled, delivery of some of the most important shipments to consumers was lagging behind. All of this signifies that the gross approach, the cost approach, to fulfillment of planning targets is still being overcome slowly. Many enterprises still achieve the volume of sales envisaged in plans by producing products which consumers have not ordered and whose technical level and quality are low. In spite of the higher growth rates of production, then, it has become more of a problem to achieve its balanced development, and serious hitches have been felt in meeting the needs of society.

This year the rise in the growth rates of labor productivity is accompanied by a simultaneous increase in the indicator of contract fulfillment. Over the January-April period contractual obligations were performed by industry at a level of 99.3 percent; and the number of enterprises failing to perform them dropped to 14 percent. The volume of the national income produced rose 4 percent in the 1st quarter (the rise was 2.3 percent over all of 1987); and the productivity of social labor rose in the same proportions. This still does not eliminate the problem of the conformity of the growth of production to the needs of society, and it will take time before the acceleration of the rates and the strengthening of contract discipline become steady. But the essential thing is that evaluation of the performance of associations and enterprises according to their fulfillment of contracts and the transition to cost accounting and self-financing are beginning to turn them more toward satisfaction of society's needs.

An analysis of the results of the effort made to raise the efficiency of economic activity indicates that a large untapped potential exists. This also applies to improvement of product quality and reduction of its materials intensiveness.

State acceptance, which set up barriers to rejects, was instituted at the beginning of 1987 at many enterprises of machinebuilding and other branches of industry in order to improve product quality. This year it has been extended to certain related enterprises supplying raw materials and supplies to machinebuilding plants and also to housing construction. In all, it embraces 2,200 associations and enterprises in industry. But it would be premature at this juncture to speak of a major impact of state acceptance on the technical level and quality of the product. There are many similarities in the way it is organized to command methods of planning and administration; a mechanism has not been adequately worked out for its relation to cost accounting, especially cost accounting within the production entity. Improvement of product quality remains one of the main strategic problems.

The same applies to conservation of physical resources. Major shifts in reduction of the materials intensiveness of output were outlined for achievement in the current FYP. In the previous period conservation accounted for about half of the entire growth of consumption of fuel, energy, and rolled products of ferrous metals. In the 12th FYP reduction of material costs was to cover 65-70 percent of the growth of needs for the most important resources, and for some of them it was supposed to meet the entire additional need. So far we have not managed to achieve those figures. In 1986 conservation of fuel and energy covered 42 percent of the additional need for them, and in 1987 the figure was 43 percent. The saving on rolled products of ferrous metals in machinebuilding and construction amounted to about 2 million tons in 1986—nearly half of the growth of its production, and in 1987 it was 2.4 million tons, that is, it exceeded the

growth of their output (2 million tons). But the actual size of the saving has not achieved the proportion outlined for a number of resources. For instance, the targets of the FYP have not been fulfilled for reduction of the energy intensiveness of the national income (an annual average of 1.5 percent) nor for its materials intensiveness (2.5 percent). The average annual rates of reduction of energy intensiveness have been only 1 percent, which is slightly less than their level in the 11th FYP. The rate of decrease of the metals intensiveness of the national income has slowed down compared to the last FYP: in the period 1986-1987 it dropped an average of 1.4 percent, as against 2.3 percent in the previous period. The drop in the overall indicator of materials intensiveness, covering all types of physical production inputs, has also been slower. The materials intensiveness of the social product (not including depreciation) has been dropping at an annual average rate of only 0.1 percent, as against 0.5 percent in the 10th and 11th FYP's. In 1987 materials intensiveness did not decrease.

The rise in production efficiency that has been achieved still has not brought about an improvement in the financial condition of the economy nor greater balance between physical and value proportions (see Table 3). The growth rates of financial resources have turned out to be far lower than for output, labor productivity, and reduction of production cost. This was brought about by the restriction on sales of alcoholic beverages, on imports of a long list of consumer goods in exchange for fuel exports, and also expansion of the rights of enterprises to use their accumulation.

Table 3. Growth of Financial Resources (in percentage)

	1981-1985	1986-1987	1986	1987
Profit in the national economy (in comparable prices)	6.1	6.9	8.8	5.0
Revenues of the state budget:				
—From the turnover tax	0.7	-0.4	-6.4	5.9
—From payments out of profit	5.9	2.6	8.6	-3.0
Expenditures of the state budget	5.6	6.2	7.9	4.4

The dynamic behavior of profit, the turnover tax, revenues of the state budget and its expenditures have been subject to annual fluctuations still greater than those of the volume of production. The reason why the growth of financial resources has been slow is that an economic mechanism still has not been put in place to motivate enterprises to augment them by raising production efficiency. The rise in efficiency proved to be inadequate to cover the losses of unprofitable industrial enterprises, kolkhozes, and sovkhoses (13 percent of their total number), to make up the shortage of "own" working capital, and to build up economic incentive funds in the

necessary proportions. All of this made it more complicated to apply cost accounting and self-financing, which are capable of developing economic competition and competitiveness of work collectives in raising production efficiency. Analyzing how much its growth comes from strengthened enterprise finance, from the sounder financial condition of the economy, must become the decisive criterion of whether production efficiency meets the needs of restructuring.

### The Lag in Revamping the Structure

One of the main causes of the slow rise of production efficiency lies in shortcomings in realizing the structural and investment policy outlined by the 27th party congress. Deviations from the plan of the FYP for the proportions in development of the economy are considerably stronger and deeper than those related to volume indicators, and in a number of segments they are becoming greater. The improvement of the structure of the economy as a whole has slowed down; it remains inefficient, and is still oriented primarily toward extensive growth of the output of heavy industry rather than toward better utilization of the economic potential. This is manifested above all in the lagging development of those branches that determine the acceleration of scientific-technical progress and the rise in the prosperity of the people, as well as along lines of intensification of production like optimization of proportions between the raw materials and manufacturing branches and like resource conservation.

In the 12th FYP there were plans to improve the relation between the end product and the intermediate product. The growth of the end product per ruble of growth of the value of the subjects of labor is supposed to be substantially higher than in the last FYP. But because the manufacturing branches of industry have been lagging behind and assignments have not been fulfilled for reduction of the materials intensiveness of the social product, this ratio has worsened in the 2 years of the FYP. Over those 2 years the development of raw materials branches has speeded up, but the share of the output of the manufacturing branches has risen less than envisaged by the FYP, and the ratio between their growth rates has even worsened for the industrial sector as a whole. In the 11th FYP there was a 2.6-percent growth of the output of manufacturing branches for every 1-percent growth of the output of the extractive industry, whereas this figure in the period 1986-1987 was 1.3 percent, or half as great.

Proportions in development between the fuel and raw materials branches and the processing branches have improved this year with respect to a number of other economic indicators. For instance, whereas in the 1st half of 1987 only the output of the food manufacturing industry slightly exceeded that of industry as a whole, over the period January-April 1988 this was also true of machinebuilding (nearly 1.5-fold), the branches of the chemical and forest products complex, and the building

materials industry. The rates of development of the industrial sector rose although they did not in the branches of the fuel and energy complex. Aside from machinebuilding, within the manufacturing branches the development of light industry also speeded up. But many intersector relations have still not been corrected, and the acceleration of growth rates was achieved at the price of a 2.3-fold increase in the growth of the output of the branches in the metallurgical complex and in the production of building materials. In the manufacturing branches the shortage of agricultural raw materials brought about a slower growth rate of the output of the food manufacturing industry. Improving the relations in development between raw materials and manufacturing branches is, consequently, still one of the priority tasks in structural revamping of the economy and in strengthening its proportionality.

The faster development of the production of consumer goods, outlined in the 5-year plan, is not being maintained. Even though the plan called for a faster growth of consumer goods, in 1986 the output of industry in Group B grew slower than in the branches of Group A, and in 1987 the growth rates of these two subdivisions coincided. Because of the lag in achieving the planned targets for growth of the production of consumer goods, the trend of a reduction of their share in the total volume of industrial output, which formed in the years of the 11th FYP, has not been eliminated. The relative share of Group B in industrial output dropped from 25.2 percent in 1985 to 24.7 percent in 1987 (in the calculations for the FYP this share was projected at the 1985 level). This drop had an adverse effect on the balance between worker income and expenditures, on achievement of the plan for retail sales, and on the growth of industry's total contribution to carrying out the social welfare program of the 5-year planning period. If the targets of the 5-year plan are to be met, the average annual growth in its last 3 years must be 5.1 percent as against 3.8 percent in the period 1986-1987.

It is evident from an analysis of the proportions in development of the industrial sector that the first step has been taken to raise efficiency on the basis of technical progress and intensification of production. In certain branches the improvements have been more quantitative than qualitative. This applies above all to machinebuilding. The rise in the rates of its development envisaged by the FYP has not been achieved. In the period 1986-1987 the growth of the output of machinebuilding was 1.4-fold greater than for the industrial sector as a whole, instead of the 1.7-fold difference called for in the calculations of the 5-year plan. The lag has been especially manifested in the qualitative characteristics of the product it has been producing.

Since mid-1987 the situation has gradually begun to correct itself in the machinebuilding complex: the output of new products has been increasing along with the growth rates of production. About 30 percent of the total growth of machinebuilding's output was achieved by

increasing the output of highly efficient products. The share of products put into production for the first time reached 9 percent. The share of products put into production for the first time in the commodity output of machinebuilding increased threefold over the last FYP. In the January-April 1988 period the growth of the output of machinebuilding rose to 6.6 percent, and the relative share of products put into production for the first time was 7 percent in the 1st quarter.

But machinebuilding is still slack in performing tasks to speed up technical progress. While there is a shortage of new technology for enterprises being built and undergoing reconstruction, a large quantity of outdated machines and equipment is still being produced. It still takes a long time to assimilate new technology in series production. Many new prototypes fall substantially short in their level and efficiency of the indicators of machines produced abroad.

Structural policy in branches and sectors is being carried out unsatisfactorily at many enterprises, the acceleration of the rise of labor productivity and other indicators of efficiency was achieved to a substantial degree thanks to a worsening of the structure of production. The main effort to improve it on a maximum scale must be carried out in the remaining years of the FYP. The problem is to

reinforce the acceleration of the economy's growth through more vigorous structural change, above all by optimizing proportions between raw materials and manufacturing branches.

#### The Regional Aspect of the Analysis of Efficiency

In analyzing the trends in the efficiency of social production it is not enough to limit oneself to the macroeconomic level—the entire economy and its breakdown by sectors. Examination of the various problems of the national economy needs to be supplemented with the regional aspect, which reveals many peculiarities in the form taken by the general tendencies in the country's various economic regions.

Given the way planning and recordkeeping are organized, the economic information available on the efficiency of economic activity consists predominantly of data on its sectoral indicators, and many of them are not worked up by region. In statistical yearbooks data on the efficiency of social production in a regional breakdown are given by union republics and are mainly restricted to data on the rise of labor productivity. These figures indicate large differences in the scale and pace of restructuring from region to region (see Table 4).

Table 4. Growth Rates of Labor Productivity by Union Republics (in percentage)

	In Industry		In the National Economy	
	1981-1985	1986-1987	1981-1985	1986-1987
USSR	3.1	4.3	3.1	3.1
RSFSR	3.2	4.5	3.2	3.3
Ukrainian SSR	2.8	4.4	3.8	3.4
Belorussian SSR	4.0	6.3	5.3	5.5
Uzbek SSR	1.5	1.9	0.7	-1.2
Kazakh SSR	2.0	4.4	0.0	3.9
Georgian SSR	3.5	2.8	3.7	-0.7
Azerbaijan SSR	3.9	3.9	2.2	1.8
Lithuanian SSR	3.6	4.3	4.1	6.8
Moldavian SSR	3.3	5.7	3.3	3.1
Latvian SSR	3.3	4.4	3.4	3.9
Kirghiz SSR	3.5	1.6	1.9	0.5
Tajik SSR	1.2	1.4	0.0	0.6
Armenian SSR	3.1	3.6	3.7	2.1
Turkmen SSR	0.9	2.8	-0.7	3.5
Estonian SSR	2.6	4.1	2.9	1.5

Over the 2 years of the 12th FYP labor productivity has speeded up in the industrial sector of a majority of the union republics. It has proved to be higher than the union average in RSFSR, BSSR, UkSSR, KaSSR, MSSR, and LaSSR.

It is evident from Table 4 that in a number of republics labor productivity has been growing slowly in industry. Its pace has not picked up in AzSSR, and in two republics

(KiSSR and GSSR) it has slowed down compared to the 11th FYP. It is striking that in a number of union republics—UzSSR, KiSSR, TaSSR, TuSSR, ArSSR, and ESSR—the growth rates of labor productivity for the entire economy lag substantially behind the averages for industry. In the republics of Central Asia—UzSSR, KiSSR, and TaSSR—they are 2-1.5 percent per year.

The differences noted have resulted in large part from the branch structure of industry and in particular from

the unequal relationship among the mining branches, machinebuilding, light industry, and the food industry. Enterprises in these branches have differed in their technical adequacy, their specialization in the product they produce, the adequacy of the manpower and qualifications of the labor force available to them, and that is why they differ in the level of the organization of production and the organization of work. The substantial differences among the republics in the rates of growth of labor productivity reflect not only objective causes, but also the influence of subjective circumstances manifested in the way production and management are organized.

This is evident if we take as an example the way the problem is solved of achieving a growth of industrial production without increasing the size of the labor force. In the last FYP the entire growth in its volume was achieved by raising labor productivity only in LaSSR, which in the period 1986-1987 has been joined by another four republics, RSFSR, UkSSR, MSSR, and ESSR. BSSR, KaSSR, and LiSSR came close. At the same time, in UzSSR and KiSSR the rise of labor productivity over the last 2 years has accounted for only half of the growth of industrial output, in TaSSR it accounted for about 40 percent, in ArSSR and TuSSR approximately two-thirds, and in AzSSR four-fifths of the growth.

These differences stand out still more strongly in the dynamic pattern of the productivity of social labor, whose indicators also depend on its growth in agriculture, construction, transportation, and the efficient utilization of all the republics' labor resources. In the 11th FYP the slow growth of labor productivity in agriculture had a particular impact on the dynamic behavior of the productivity of social labor in Kazakhstan and the republics of Central Asia.

What conclusions follow from the changes in the productivity of social labor? First of all, RSFSR has kept up the rates achieved earlier, and BSSR has been able to speed them up somewhat and as before substantially outstrip the growth rates of the productivity of labor in the country (by 1.7-fold).

The second conclusion: the rise of the productivity of social labor has speeded up in republics where in the last FYP its level did not increase or even drop. The rates of its growth have risen appreciably in KaSSR and TuSSR.

Third conclusion: in some union republics the rise of labor productivity has slowed down. A particularly unfavorable situation has come about in UzSSR, where its level has dropped; the situation is similar in GSSR. What is more, there has been a noticeable drop in the growth rates of productivity in ArSSR, AzSSR, KiSSR, and ESSR. Nor has a certain drop in these rates been avoided in UkSSR, although their level exceeds the indicator for the entire union.

In a number of republics intensification of production has still not become the main factor in development of their economies. In the period 1986-1987 more than half of the growth of the national income produced was achieved in KiSSR, TaSSR, and AzSSR by increasing the number of workers, while in UzSSR and GSSR this increase offset the drop in the level of labor productivity. In TuSSR, ArSSR, and ESSR the addition to the labor force accounted for between one-fifth and one-third of the growth of the national income.

Because of the lag in raising labor productivity most republics did not fulfill the targets for the growth of the national income in the 2 years of the FYP. In the period 1986-1987 the volume of the national income rose 6.5 percent in the country as a whole, while the plan called for 8.2 percent. Targets were met by BSSR, KaSSR, LiSSR, LaSSR, and TuSSR, and AzSSR almost reached the projected level. The lag was especially sizable in UzSSR and GSSR, where the national income produced grew less than 1.5 percent in the 2 years. On a per capita basis the national income produced dropped in the republics of Central Asia.

Because of the low level of the effort to raise production efficiency, in a number of republics fulfillment of the targets set in the 5-year plan for capital construction and in the social sector began to depend more than in the past on help furnished from outside by national authorities, on redistribution to them of resources created in republics with better economic indicators. The scale of redistribution of the national income from republics located in the European part of the country to the eastern regions and republics of Central Asia increased. So far this process has not been halted.

The mechanism in place for regulating the regional proportions of the economy and for location of the productive forces is largely outdated and does not meet the requirements of raising production efficiency. Its shortcomings lie in the tendency to even out distribution, so that a good foundation is not laid for activation of internal potential. Raising levels of economic and social development of republics which have not been meeting their planning targets will be more successful the greater the contribution of their own they make to solving these problems. They must have help, but on a scale that does not stand in the way of utilization of the existing potential. Here we should bear in mind that the amount of aid depends directly on the growth rates of the national income in republics whose economy is developing at a higher rate.

#### Impact of the New Economic Methods

The restructuring of the economic mechanism is still not having the impact it should toward increasing the operating efficiency of enterprises. It has not become a real factor working for qualitative transformations in the economy and the transition to economic growth that is qualitatively different.

In 1987 enterprises which had made the transition to cost accounting and self-financing performed contractual obligations somewhat better than industry as a whole, achieved a large growth of profit, were raising labor productivity faster, mainly while reducing the size of the labor force at the same time, and they achieved a larger drop in production cost. In the current year it is still not possible to say that the improvement of the economic indicators of the development over the economy in past months is exclusively related to the transition to the new economic methods.

Not only the adverse trends, but also the constructive trends, are complicated and contradictory. In a number of sectors, in many oblasts, and at most enterprises this transition has made it possible to improve fulfillment of contracts and to speed up the rise of labor productivity and the volume of production. On the whole, associations and enterprises which have made the transition to the new conditions have also had somewhat higher indicators than the average for the industrial sector, which was also the case last year. Yet at the same time in a number of ministries and oblasts the results of the activity of enterprises operating under the previous conditions was no worse, and often better than at those where the new methods of management have been applied.

This question is so important from the practical, theoretical, and political standpoints that it is clearly not enough to just make general references to it. We would take note of at least three circumstances.

First, a general strengthening of contract discipline, a catching up of lagging enterprises, and a certain strengthening of proportionality in the development of production were also evident in the improvement that has taken place this year in indicators of enterprises operating under the previous conditions.

Second, and this is probably the main thing, the results of the activity of associations and enterprises on the principles of full cost accounting and self-financing have been sharply reduced by the distortions which have taken place. This applies first of all to the practice of forming the state order, to the previous imbalance between production plans and material and technical supply, and to the leveling approach used by ministries in assigning enterprises standard rates for formation of the wage fund and profit distribution.

Third, the fundamental differences between the old and new methods of management have frequently been reduced to the formal and external aspect of the matter, especially since a large number of enterprises were converted to cost accounting without the proper preparation. The shortage of "own" working capital was not made up, plans drafted on the basis of the state order did not guarantee profitable operation and money accumulation at the rates sufficient for self-financing, and in

many cases these enterprises do not have sound programs for financial recovery by the end of the 5-year planning period. That is why the transition to the new conditions has not meant real and full cost accounting.

As noted in the documents for the 19th All-Union Party Conference, the real way to speed up restructuring in the economy and to increase its efficiency lies in consistently implementing new approaches to economic policy in the context of broader rights for associations and enterprises. Centralized management and the system of full cost accounting that has taken shape at enterprises must be coordinated and work collectives must be given an authentic motivation to operate efficiently in order to meet the needs of society.

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#### Utilization of Labor Surplus in Central Asia Studied

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[Article by T.P. Yuzhakova: "Basic Directions for Efficient Utilization of Labor Resources in Regions With a Labor Surplus (From the Example of the Central Asian Republics)"]

[Text] *The article shows the basic regional peculiarities of the formation and utilization of labor resources of Central Asia in connection with the development of the economy, the demographic situation, and the distribution of the population. Possibilities of expanding the scale of the application of labor in material production and the non-production sphere are considered taking into account the requirements of efficient utilization of personnel in the interests of the national economy and the population.*

The problem of efficient utilization of labor resources in regions with a surplus of labor, the largest of which is the Central Asian region, is now becoming especially crucial. The solution to this problem requires the implementation of a complex of socioeconomic measures that are inseparably linked to the accelerated development of its economy on a primarily intensive basis.

Large regions of the country, because of the peculiarities of natural and socioeconomic factors in the development of productive forces, will continue to have significant differences in the conditions for the reproduction of the population and labor resources since "among individual countries, oblasts and even localities there will always be known inequality in living conditions which can be reduced to a minimum but can never be eliminated completely" [Fig 1, Vol 34, p 104]. At the same time in the future the differentiation of regions in terms of the

decree of provision of labor resources can be less significant because, in the first place, of the organization of purposeful territorial redistribution of the population and, in the second place, scientific and technical progress which has pervaded all spheres of life and activity. Therefore the approach to solving the problem of complete and effective employment of the population can be realized only on the basis of a complex of scientific-technical, economic and social measures that are developed specifically for each region. It is obvious that the basis for the development of these complexes of regional measures should be the materials of the general plan for the development and distribution of productive forces and also the Comprehensive Program for Social Development and Improving Well-Being which encompasses a 15-year period. The general plan, as we know, is a concept of territorial development for the country's economy which substantiates long-range directions for economic activity in the regions. The comprehensive program is intended to determine the basic directions and methods of implementing the active social policy, including measures for conducting an effective demographic policy and regulating employment of the population in keeping with the needs of the regions and branches in connection with the development and expansion of cooperative and individual labor activity.

Under the conditions of intensification of production and the changeover to economic methods of managing the national economy it becomes more crucial to develop regional problems of efficient employment of the population since both the shortage of labor resources in certain places and the surplus of them in others, in the final analysis, impede economic growth and reduce the effectiveness of the country's economy. The existence of regions with a labor shortage and a labor surplus reflects the lack of balance of territorial branch development of productive forces, which is the result of certain mistakes in planning and management of the national economy.

The concepts of regions with "labor provision," "labor shortage" and "labor surplus" are relative since they reflect the condition of the dynamic ratio between resources of live and embodied labor that exists in one or another stage with a particular level of development of the region's productive forces, which is directly reflected in the balance of labor resources and workplaces. The ratio between quantitative and qualitative characteristics of labor resources and work places in individual territories can be provided with a comprehensive accounting for regional factors in the development of productive forces, among which priority is given to social and demographic ones. Moreover, the organization of the necessary branch and territorial redistribution of labor resources both on the scale of the entire country and within individual regions is also of considerable importance.

The balance of labor resources and workplaces should be provided on the basis of efficient employment of the population of the regions. This means that for each

region it is necessary to determine a structure of employment which would best take into account the demographic situation and contribute to solving social problems and accelerating the development of productive forces through increasing the effectiveness of the utilization of labor resources and progressive changes in the economy. Here it is obvious that differentiation of the regions in terms of labor provision and a composition of the population will largely bring about essential differences in the efficient proportions between the three large kinds of employment—public production, training with leave from production, and private subsidiary and home business, and also between people employed in material production and the nonproduction sphere.

The most complex and multifaceted problem is that of providing for efficient employment of the population in regions with a surplus of labor since here it is necessary to improve the quality of the rapidly growing labor resources and correspondingly improve the qualitative characteristics and increase the number of work places. Improvement of the qualitative characteristics of labor resources presupposes first and foremost an increase in the socioeconomic mobility and territorial mobility of the population, as well as the professional and qualifications level of the workers and also improvement of the system of vocational orientation and training of personnel for the national economy. An increase in the number of work places taking into account the needs of the able-bodied population and participation in public production should be accomplished through creating additional work places that are provided with the latest equipment while eliminating outdated ones, reducing monotonous manual labor, and reducing and then eliminating heavy physical and unskilled labor. On the basis of increasing the productivity of public labor there should be an increase in the proportion of people employed in nonproduction branches and there should be a branch and territorial redistribution of the work force. It should be emphasized that in solving the problem of efficient employment of the population in regions with a labor surplus a necessary condition is a considerable increase in economic effectiveness, including as a result of improving the structure of the national economy on the basis of accelerated development of the most labor-intensive branches and productions, especially those that provide for more rapid output of the final product. This will also correspond to the course toward harmonious economic and social development of all union republics, improving the distribution of productive forces, strengthening the comprehensiveness of development and specialization of the economies of the republics and economic regions, and their increased contribution to strengthening the country's unified national economic complex and solving social problems [see 2, p 276].

The Central Asian economic region, which is formed by the Uzbek, Kirghiz, Tajik and Turkmen union republics, is the largest region with a surplus of labor in the country

and its proportion of the unionwide number of population is steadily increasing (in 1970—8.2 percent, 1979—9.7 percent, and 1987—11.1 percent). These republics have the highest growth rates of the population and labor resources in the country, which is brought about by a stably high natural increase. The average annual rates of increase in the region's population is three times as high as the unionwide rates (2.7 percent as compared to 0.9 percent) [3, p 377, 406, 407]. Because of the high levels of the birth rate and the natural increase, the age structure of the population of Central Asia is distinguished by a high proportion of children and adolescents and a lower proportion of population of working age. It is largely because of this that they have a higher proportion of dependents of individual people and people employed in private subsidiary farming as compared to the majority of other regions and the unionwide level (28.6 percent), which is: in Turkmenia—42.1 percent, Uzbekistan—41.9 percent, Kirghizia—40.6 percent, and Tajikistan—39.5 percent [4, p 68]. At the same time the sex structure of the population is more favorable than the average for the country. Thus in 1987 of the overall number of the region's population the proportion of women was only 0.8 percent higher than the proportion of men, and in the country as a whole it is 3 percent higher [3, pp 377, 381]. In combination with the level of marriage of women which is higher than the average for the country, this creates certain prerequisites for retaining in the foreseeable future relatively high levels of birth and natural increase of the population and, in the final analysis, a high level of provision of labor for the national economy.

Since the beginning of the 1970's all Central Asian republics have had a negative balance of migration in the exchange of population with other regions of the country. But for more than 10 years the outflow of population from them has practically not increased and as compared to the national increase it is not great. For example, during 1985-1986 the outflow of population from Central Asia on the whole amounted to 6.5 percent of the natural increase [3, pp 374, 406-407; 5, pp 8, 32-33]. Therefore the migration losses of the population do not exert an essential influence on the demographic situation or the level of provision of labor resources for the region.

In the Central Asian republics of relatively low levels and rates of urbanization and rural-urban migration, which is reflected in the corresponding distribution of the population between the city and the country. The majority of the region's population lives in rural areas and 40.9 percent are found in urban settlements (in the country as a whole—66.0 percent). And while during 1970-1986 the proportion of the urban population increased in Uzbekistan from 36.6 to 41.9 percent, and in Kirghizia—from 37.4 to 39.7 percent, in Turkmenia it decreased from 47.9 to 47.6 percent and in Tajikistan—from 37.1 to 33.3 percent. As distinct from the majority of regions of the country, in rural areas of Central Asia there continues to be an increase in the population and labor resources as a result of the high natural increase. The

birth rate here is 16-18 percent higher than the unionwide level. The average annual rates of increase in the rural population of the region amount to 2.5 percent while in the country as a whole the number of rural population is decreasing by an annual average of 0.6 percent [3, pp 374-375].

The aforementioned regional peculiarities of the demographic situation and distribution of the population have an essential influence on the level and structure of employment and the nature of the utilization of labor resources in the economy of the Central Asian republics.

Since the beginning of the 1970's the economy of the region under consideration has been developing without the proper accounting for the conditions for reproduction of the population and labor resources. The sphere of application of labor in public production is not expanding adequately in comparison to the increase in labor resources. During the period of 1971-1985 in all republics of Central Asia there was a reduction of the increase in the population employed in the national economy per 1 million rubles of capital investments. For the region as a whole during the years of the 11th Five-Year Plan as compared to the 9th, the increase in the number of people employed in the national economy per 1 million rubles of capital investments decreased by one-third, while on the average for the country with the strain of the unionwide balance of labor resources it was less than 15 percent [5, pp 283, 369, 393]. This was conditioned basically by the forced growth in Central Asia of capital-intensive, fund-intensive and material-intensive branches based on the assimilation of hydraulic energy and mineral-raw material resources with relatively low rates of development of noncapital-intensive, nonfund-intensive and nonmaterial-intensive but labor-intensive branches.

Moreover, the development of a system of specialized vocational education lags appreciably behind the needs of the population and production. In the region as a whole, according to our estimate, approximately 40 percent of the graduates of secondary day general educational schools continue to study in order to obtain an occupation at day divisions of educational institutions and in various courses, while on an average for the country this figure is more than 60 percent [3, p 534]. The provision of skilled working personnel for the national economy of the Central Asian region is 75-80 percent [6, p 60]. The proportion of specialists with a secondary specialized education is lower here than the unionwide level—11.9 percent as against 14.6 percent; the ratio between specialists with higher and secondary specialized educations is lower than it is for the country as a whole—11 percent [5, pp 283, 393, 404].

With the limited scope of the social spheres of activity as public production and training in day divisions of educational institutions a considerable proportion of the youth, mainly rural (not only girls but also boys) upon

completing a secondary general educational school augment the contingent of people employed at home in our private farms. As a result, in the Central Asian region there is an increase in the number of people employed in this sphere of activity, whose proportion here is more than twice as high as the average for the country [6, p 43]. Moreover, mainly as a result of graduates of rural secondary general educational schools we do not have specialized professional training. There is an increase in the number of agricultural workers which is already oversaturated with work force. For example, in Tajikistan almost half of the sovkhozes have above-plan workers and each year there are more and more able-bodied kolkhoz workers who have not worked a single day in public production [7]. In the republics of Central Asia the employment in agricultural production is higher by a factor of 1.5 than the average for the country [8, p 101], although the proportion of people employed in agrarian labor is gradually decreasing.

Thus in the region with existing levels, rates and directions for the development of productive forces there is a surplus of less mobile labor resources which is accumulating in nonproductive and less productive spheres of activity (housework and private subsidiary farming) and less productive branches of the economy (agriculture). At the same time at enterprises of industry, construction, and other branches of the national economy in the number of cities, especially the largest ones, there is a shortage of skilled workers and specialists. For example, in just two of the largest cities of Tajikistan—Dushanbe and Leninabad—there is a shortage of 11,000-12,000 skilled workers [9, p 9].

The surplus of labor in the Central Asian republics causes extremely serious negative socioeconomic consequences. First of all one should note that the lack of participation of a considerable contingent of the labor resources in public production in combination with the existing low level and rates of growth of the productivity of public labor means a failure to receive a certain part of the national income and, in the final analysis, predetermines a relatively low level of material well-being of the population. During 1971-1986 in the country as a whole the average annual rates of increase of productivity of public labor amounted to 3.6 percent, and in this region it was only from 0.1 percent (Turkmenia) to 2.1 percent (Uzbekistan). Moreover, the production of the per capita national income in the country as a whole increased by a factor of 1.75 and in Uzbekistan and Kirghizia—by a factor of 1.4, in Tajikistan—by a factor of 1.3, and in Turkmenia by a factor of only 1.1 [3, pp 123, 124]. As a result there was an increase in the disparity between these indicators for the country as a whole and for the republics of Central Asia, which was reflected in the formation of resources of accumulation and consumption. Thus, for example, in 1985 in the region the average per capita capital investments in the national economy amounted to only 58.6 percent of the unionwide level (1975—68.9 percent), and payments and benefits from public consumption funds—67 percent of the unionwide

level (1975—74 percent) [5, pp 8, 369; 10, p 236; 11, p 158; 12, p 172; 13, p 158].

The accumulation of labor resources in household and private subsidiary farming means also, to a certain degree, that the social need of the population to work in public production is unsatisfied. For example, just among mothers with many children more than half express a desire at state enterprises and institutions under certain conditions [8, p 103]. There is reason to think that this need is even greater among young people up to 29 years of age who are employed in household work or private subsidiary farming, including girls and young women who are not too tied down by their families. This is shown, in particular, by the growth of labor activity of women in the Central Asian republics: their proportion in the overall number of workers and employees as well as kolkhoz workers is increasing. At the same time in the region there is still a relatively low proportion of women among workers and employees (43 percent as compared to 51 percent on average for the country) [3, p 417] as a result not only of the high birth rate and the families with many children, the inadequate provision of children's preschool institutions and service enterprises, but also, to a considerable degree, because of the lack of necessary occupational training and the limitedness of the sphere of application of female labor. The proportion of women in the overall number of students in higher and secondary specialized educational institutions and vocational and technical institutions is lower in the region than the average for the country. The percentage of women among specialists with higher and secondary specialized education employed in the national economy is lower than the average union level (49 percent as compared to 60 percent) [3, pp 418, 419-420].

In Central Asia as a whole there is an increased proportion of women among kolkhoz workers, and this indicator here is higher than the union level (48 and 43 percent, respectively) [3, pp 418, 419-420], which is largely conditioned by the extensive application of unskilled manual labor in agriculture. In combination with the seasonal nature of the work and the incomplete utilization of working time, this to a certain degree reduces the socioeconomic significance of the participation of women in public production.

The provision of socialists with higher and secondary specialized education and skilled personnel for industry, construction, transportation, and agriculture is lower in the Central Asian republics as compared to the unionwide indicator. This has a negative effect on the utilization of production capacities, the level and growth rates of labor productivity, and the quality of products that are produced, and to a certain degree it impedes the introduction of scientific and technical achievements.

The surplus of labor is one of the main reasons for the slow development of such a large, profile-determining branch of the economy of Central Asia as agriculture, in

spite of the fact that the level of technical supply on the whole is high. In the region as compared to the country as a whole the load per tractor is lower by a factor of 3.2 and the provision of power equipment per 100 hectares of planted area is higher by a factor of 1.5-2.3. At the same time the energy availability for labor is 42-46 percent of the unionwide level [3, pp 94, 223, 281]. While there is a constant increase in the number of workers, the level of mechanization of work is dropping because of the incomplete utilization of technical equipment and, in a number of cases, its replacement with manual labor. During 1981-1985 alone, for example, the proportion of machine harvesting of cotton decreased in all Central Asian republics, including in Uzbekistan from 63 to 40 percent, Kirghizia from 51 to 23 percent, and Tajikistan from 36 to 13 percent [10, p 40; 11, p 35; 12, p 56]. A number of machine operating personnel in the region is increasing more rapidly than in the country as a whole, but their proportion in the overall number of workers on kolkhozes, sovkhozes and interfarm agricultural enterprises remains lower than the average union level—13.0 percent as compared to 18.4 percent [5, pp 283, 290, 296, 313].

In agriculture of the Central Asian republics the production load per one worker, the capital availability for labor, and labor productivity are decreasing. The region has less arable land than the average in the country by a factor of 3.8 per one sovkhoz worker and by a factor of 4.2 per one kolkhoz worker employed in the public sector of kolkhozes. On kolkhozes the capital availability for labor is only 36 percent and labor productivity (gross income of kolkhoz workers per one person employed in public production)—94 percent as compared to the analogous unionwide indicators while per one hectare of arable land the gross income of kolkhozes is higher by a factor of 4 than the average for the country [5, pp 175, 283, 290].

During 1971-1985 labor productivity in agriculture (public production) increased only in the Tajik SSR by 6 percent and the Uzbek SSR by 2 percent (for the country as a whole it increased by 41 percent), and in the Kirghiz SSR and Turkmen SSR it decreased by 1 and 2 percent, respectively. In all the Central Asian republics except for Turkmenia the per capita production of the gross agricultural output decreased by 1.4-3.1 percent [5, pp 8, 188, 316].

In the Central Asian republics the surplus of labor is caused mainly by the peculiarities of the reproduction and utilization of labor resources of the rural areas and also of small cities and settlements of an urban type where a total of 70 percent of the overall population of the region live [3, pp 377, 395-400]. The population of rural areas and medium-sized and small cities and settlements of an urban type is characterized by a higher natural increase and lower socioeconomic mobility and migratory mobility.

During the three preceding five-year plans the republics of Central Asia constructed and put into operation

several hundred large state enterprises and shops. During the past decade there has been increasing development of the practice of rotating in small populations (including rural areas), shops, branches, and sections of large enterprises of light and the food industry, machine building, local industry enterprises, and also the organization of home labor which attracts mainly women. The network of enterprises in the sphere of services is constantly expanding. As a result during 1971-1985 in Central Asia the number of workers and employees increased by a factor of 1.8 (in the country as a whole—1.3). The scope of training specialists of higher and secondary specialized education of skilled workers increased. For example, in 1985 as compared to 1980 the number of graduates of vocational and technical schools increased by a factor of 1.4 (in the country as a whole—6 percent) [3, pp 414, 423]. Moreover, a certain amount of experience has been accumulated in the organization of training of skilled workers for Central Asia and other regions of the country. In particular under the past five-year plan 9,500 boys and girls from the Tajik SSR studied in vocational and technical schools in the RSFSR and the Ukraine [14]. But the scale of all these measures was inadequate.

During the years of the 12th Five-Year Plan in the republics of Central Asia, with an increase in the national economic effectiveness it will be necessary to enlist a significant quantity of labor resources in public production. Because of this it is intended to increase the coefficient of shift work at existing industrial enterprises (for example, in Uzbekistan—from 1.2-1.3 to 1.6-1.8 [15, p 96]) and to expand the number of existing enterprises and create new ones and also branches and shops of large enterprises; to continue comprehensive assimilation of the land on the Karsha, Dzhizak, and Dangara steppes, the Beshkent Valley, and the Zone of the Karakum Canal; to further develop the production and social infrastructure; to expand the sphere of application of home labor; and to develop cooperative and individual labor activity. Skilled workers will be trained on a larger scale for various branches of the national economy, including outside the region. For example, in Tajikistan alone it is intended to send 27,000 people to train in vocational and technical schools of other regions of the country, or more than under the past five-year plan by a factor of 2.8 [14]. But a solution to the problem of efficient employment of the rapidly growing labor resources of Central Asia is a fairly long process that requires stage-by-stage implementation as the corresponding socioeconomic conditions are created.

Priority areas for solving this problem must be determined for each stage on the basis not only of financial, material and raw material possibilities of organizing new jobs and increasing the coefficient of shift work at enterprises, and expanding the network of specialized vocational educational institutions, especially vocational and technical schools of an industrial profile, but also the need to develop the sense of necessity of participating in

public production in various sociodemographic groups of the population (youth, women, men, people of middle age and elderly people), taking into account the interests of the national economy. At the same time the branches of the national economy should develop taking into account the needs of the population for various kinds of activity.

Questions related to singling out and substantiating certain stages in the solution to the problem of efficient employment of the population of Central Asia requires special consideration. But one cannot but note that the primary tasks in the region are the development in the indigenous population, especially rural youth, of a need to obtain a vocational education and participate in public production and also the creation of socioeconomic conditions which would rule out the possibility of augmenting the contingent of people employed in private subsidiary farming and housework from youth who are reaching working age. This category of youth should either study in order to obtain a vocational education or be included in public production while acquiring an occupation directly at the enterprises. Taking into account that the growing requirements for the quality of labor resources and also the prospects for changing systems of vocational-technical and secondary specialized education over to training of the corresponding skilled workers and specialists mainly on the basis of graduates of secondary general educational schools, it is necessary to provide for a steady growth of the proportion of youth study in day divisions of higher and secondary specialized educational institutions and also vocational and technical schools. In the future, with the creation of an effective system of vocational training specialists and skilled personnel, including interrepublic cooperation and the training of specialists and skilled workers, it will be possible to raise the task of providing for practically all youth reaching working age the possibilities of obtaining the corresponding vocational education before beginning labor activity in public production.

The effectiveness of the utilization of the labor potential in the Central Asian republics will depend largely on the degree of scientific substantiation as a basic parameter of efficient employment of the population calculated for each stage (period) in the development of the productive forces and the solution to the problem of employment. Taking into account the predicted directions for the development of productive forces, the graphic processes and the specific nature of the utilization of labor resources of various sociodemographic groups of the population, one can assume that in the foreseeable future in the Central Asian region the structure of efficient employment of the population as compared to the corresponding unionwide indicators will have the following typical peculiarities: a lower level of employment in public production, higher employment in training with leave from production, and also in household and private subsidiary business since a considerable proportion of the labor resources of the region will be youth, small children, and mothers with many children.<sup>1</sup> And as the

public sector of agriculture developed further the role of the private subsidiary farm in providing the population with food products will gradually decrease and there will be a corresponding decrease in the proportion of people employed in this sphere of activity. Efficient proportions in the distribution of workers among the various branches of material production and the nonproduction sphere should be determined depending on the effectiveness of public labor taking into account the regional peculiarities of the composition and distribution of the population. Since in Central Asia for a long time to come material production will develop with an increase in the number of employed people, according to our preliminary evaluation, the proportion of workers of the branches of the nonproduction sphere, despite their more rapid growth rates, will be lower than the analogous average union indicator.

In the future in Central Asia the labor potential will increase even more, the highest growth rates of the population in the country. Region will account for an ever larger part of the unionwide increase in labor resources and, consequently, the national economic significance of efficient utilization of the region's labor resources will grow.<sup>2</sup> Taking this into account, and also the fact that in the Central Asian republics the increased employment of the population in public production is inseparably linked to the acceleration of the growth of the economy on a primarily intensive basis, the problem that is so important but essentially undeveloped on the scientific and methodological plane as the substantiation of the optimal or efficient ratio between intensive and extensive growth factors in material production becomes especially crucial. Under the conditions of the Central Asian republics the following approach to the solution to this problem is possible.

With the significant increase in labor resources expected in the future in Central Asia conditions further expansion of the sphere of effect of extensive factors in material production as a result of enlisting an additional contingent of workers. At the same time the changeover of the regional economy to a primarily intensive path of development will be accompanied by an acceleration of the growth rates of the productivity of public labor. Based on this, the most important generalizing indicator for substantiating an optimal or efficient ratio between intensive and extensive factors could be the proportion of produced national income obtained on the basis of intensive factors<sup>3</sup> and the growth rates of productivity of public labor and growth rates of the number of people employed in material production. An optimal or efficient ratio between intensive and extensive factors with a certain level and dynamic of technical supply for production and scale of its expansion should be characterized by a predominance of the proportion of produced national income obtained as a result of intensive factors and more rapid growth rates of the productivity of public labor as compared to the growth rates of the number of workers in public production. Moreover the rates of increase in the productivity of public labor should be

several times higher than the rates of increase in the number of people employed in material production. The parameters of an optimal or efficient ratio between intensive and extensive factors should be calculated for each period of the development of material production.

In order to provide for an increase in the employment of the population of Central Asia in public production and training, large additional financial, material, and raw material resources will be required. Therefore in connection with the increased dependency between the volume of resources used for the social development of the union republics and individual regions and the results of the economic activity of the enterprises located on the territory of the republics [16, p 104], in the Central Asian region it is necessary to significantly accelerate economic growth on the basis of a radical increase in the effectiveness of public production. This in turn requires the most rapid changeover of the regional economy to a primarily intensive path of development which presupposes not only an essential improvement in the utilization of the created production potential, the organization of production and labor processes and modernization, reconstruction and technical reequipment of enterprises, but also a certain structure-branch rearrangement of the national economy. Moreover, both for increasing the economic effectiveness for resolving the problem of employment it is especially important to make structural-branch changes in the republic national economic complexes in favor of relatively less fund-intensive and material-intensive but more labor-intensive branches primarily of industry and agriculture which produce a final product with a high norm of net output. Thus one achieves a maximization of the produced national income with a minimization of the required capital investments. Accelerated development of labor-intensive but noncapital-intensive branches of material production in the nonproduction sphere is the most effective variant of a significant advancement of the economy of the republics of Central Asia and simultaneously a solution to the most important regional social problem—efficient utilization of labor resources.

In light of what is presented above, in the Central Asian region the greatest possibilities for accelerated development are found in the more labor-intensive branches of light industry (cotton, knitting, sewing and so forth), machine building (electrical equipment, instrument building, electronics, production of equipment for light and the food industry, household machines and appliances, and so forth), in the construction materials industry, local industry, the processing branches of the ATK, and branches of the production and social infrastructure. In agriculture while retaining union specialization in cotton growing a promising direction is the development of labor-intensive food subbranches (gardening, vegetable raising, grape growing and so forth), which will make it possible to more fully satisfy the needs of the local population and also provide for a steady supply of the population of other regions of the country with high-quality early and southern fruits, vegetables, melon

crops, grapes, and products from processing them. Therefore the level of efficient employment of labor resources in agricultural production will become largely not only on the level and growth rates of labor productivity but also on the earmarked volumes of the gross yield and delivery to the union supply of the more labor-intensive products (raw cotton, early and southern fruits, vegetables, grapes and so forth). On the basis of local raw materials (mainly agricultural) resources and natural and economic prerequisites, in the future the region will create a large textile base and fruit and vegetable complex of unionwide significance. There are considerable reserves for increasing the employment of labor resources in construction because of the need to strengthen republic construction bases, to accelerate the rates of construction of both production and nonproduction facilities, and to significantly increase the scale of construction of housing and cultural-domestic institutions since in terms of the level of the per capita provision of these the Central Asian republics lag behind the other union republics.

A special role in the acceleration of the region's socioeconomic development is assigned to branches of the social infrastructure which will contribute not only to raising the standard of living of the population but also to considerably expanding the sphere of application of labor, mainly female, in public production. Institutions of the sphere of services have the greatest possibilities of organizing beneficial working conditions for women. Therefore in the future they should extensively take advantage of such forms of organization of labor as flexible work schedules, incomplete work days, incomplete work weeks, and home labor.<sup>4</sup>

Further development of cooperative and individual labor activity in the region which is oriented mainly toward the application of female labor will contribute simultaneously to increasing the effectiveness of the utilization of labor resources in the national economy, to fuller satisfaction of the needs of the population for goods and services, and, in the final analysis, to arise in the standard of living.

In Central Asia under the conditions of complete cost accounting and self-financing of enterprises, associations, and organizations of all branches of the national economy and with the creation of an effective system of labor placement that provides for redistribution, training and occupational orientation of workers released from existing enterprises, organizations, and institutions, the main directions for the utilization of labor resources will be determined by accelerated development of the industrial branches of material production, especially industry, and also the nonproduction sphere. Under the new conditions for management on the kollektives of the Central Asian republics, in order to provide for efficient employment of the work force it is especially important to apply the collected contract as the basic form of organization and stimulation of labor and also the utilization of the family, personal and other forms of

the contract. This can and should become not only an effective economic mechanism for regulating the employment of kolkhoz workers in agriculture, but also a factor in the development on kolkhozes of other, non-agricultural kinds of production and economic activity (processing and storage of agricultural products, extraction and manufacture of construction materials, output of consumer goods, and so forth), the organization of subsidiary productions and industries, and the creation on a contractual basis with industrial enterprises, trade, supply and other economic organizations of industrial shops (sections) for producing various items and goods on the basis of production cooperation and also the performance of other jobs and services.

The provision of these directions for the development of the regional economy of the growth of the employment of the population in public production will require the corresponding revision of the investment policy, increased effectiveness of capital construction, a higher vocational and skill level of the workers, and greater socioeconomic mobility and migratory mobility of the indigenous, especially rural, population as well as improvement of the distribution and territorial organization of productive forces.

An important factor in this growth of the employment of the population, especially in the near future, should be the distribution of production taking into account a new concentration of less mobile, mainly female labor resources that are not employed in public production among the rural population points and small urban settlements. This will be promoted by providing for an optimal combination of large, medium and small specialized enterprises on the basis, as a rule, of branch distribution of new enterprises and production associations, particularly of machine building and light and the food industry, and also subsidiaries and shops of large enterprises of various branches as parts of industrial centers and territorial production complexes that are being formed and will be created in the future. In connection with the equalizing of the levels of socioeconomic development of intrarepublic regions it will be necessary to have a certain redistribution not only of financial and material resources, but also labor resources in favor of the inadequately populated, newly assimilated territories which have, as a rule, significant natural-resource potential. This redistribution of labor resources will also facilitate labor placement of population in densely populated regions.

The provision of efficient employment of labor resources will contribute to accelerating the socioeconomic development and raising the standard of living of the population of the Central Asian republics.

#### Footnotes

1. Questions related to determining the efficient employment of women in the national economies of the Central Asian republics require a special in-depth study.

2. Here one takes into account the fact that the outflow of population from Central Asia into other regions of the country will increase mainly through planned development of interregional permanent or temporary (for training, work under contract and so forth) organized migration.

3. Intensive factors participate in the production of the entire volume of output and not only in the increase. Therefore this indicator should be calculated with respect to the entire volume of output (produced national income).

4. The same forms of labor organization should become widespread at enterprises of branches of material production as well, particularly branches of industry that use mainly female labor.

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11772

## EDUCATION

### Quality of Higher Education Criticized

18280087a Moscow VESTNIK STATISTIKI in Russian  
No 6, Jun 88 pp 3-7

[Unattributed article: "Peoples' Universities and Education Reform"]

[Text] The desire to learn and to constantly raise one's general educational and cultural level has become a natural necessity for the Soviet people. At the present time more than 100,000 people are included in all kinds of education. The country has formed and is operating a ramified system of public education, training and increasing of personnel qualifications.

Thus, as was noted at the February (1988) Plenum of the CPSU Central Committee, in terms of its scale and quality the system does not satisfy the growing needs for public education.

The February (1988) Plenum of the CPSU Central Committee, in addition to questions of restructuring the secondary and higher schools, emphasized the importance of improving the system of personnel training and raising the cultural and technical level of the workers.

The reform of public education, which is being conducted actively, is the largest social program in the area of education and vocational training of the younger generation, the provision of continuous education for all categories of workers, and the formation and development of the socialist way of life.

It will be necessary to radically improve the quality of training, to improve the system of retraining and occupational advancement of specialists working in the national economy, and to bring the training process closer to solving practical problems related to changing the work of labor collectives over to cost accounting methods and principles of self-financing.

The plenum of the CPSU Central Committee has made it incumbent on ministries and departments and party organizations to devote special attention to the implementation of measures for the development of various

forms of education, including the system of people's universities—an important part of the education and formation of the personality of the Soviet person.

National universities are public educational institutions and a form of continuous education of the Soviet people that is generally accessible to the masses. In addition to other existing forms of training and education they augment the system of political and economic education in the system for increasing the business and production qualifications of personnel. They offer various categories of the population broad possibilities of augmenting their knowledge and they contribute to the moral education of citizens, the development of a Marxist-Leninist world view in them, and the active enlistment of them in the country's social life.

In June of last year state statistical agencies conducted an accounting of people's universities in terms of the basic indicators of their activity. Its results showed that people's universities have been further developed and improved in recent years. Many millions of citizens are raising their general cultural and educational level as well as their occupational literacy.

As of 1 June 1987 there were almost 48,000 people's universities in the country with about 19 million students, of whom 7 million were workers, 2 million were kolkhoz workers, 6 million were employees, and more than 3.5 million were students in senior classes, tekhnikums and VUZes.

The number of people's universities increased by only 123 as compared to 1980 while the number of students in them increased by 4.9 million or 35 percent. There was an organizational strengthening of the network, there came to be more large universities, and the small ones were transformed into branches, faculties, and departments.

In 1980 there were about 95,000 branches, faculties, and departments of people's universities and in 1987—more than 155,000. In many union republics, for example, Lithuania, Latvia, Armenia, and Georgia, practically all the people's universities in the urban and rural locations have faculties, branches and divisions. At the same time in Uzbekistan approximately one-fourth of the people's universities did not have them, more than half of the universities in the Ukraine and Tajikistan had them, and 40 percent in Belorussia.

The certification of people's universities, which was conducted along with the accounting for them, contributed to the process of concentration and regulation of the network. On an average for one university there are 392 students, and in 1980 there were 291. Now 70 percent of the overall number of students are studying in large universities (400 and more people).

Twelve percent of the people's universities have been in operation for more than 20 years, more than 40

percent—more than 10 years, and about 30 percent—5 years and more.

Among the students in people's universities 60 percent are women; workers and kolkhoz workers comprise approximately half; employees—one-third; and youth under 30 years of age—more than 40 percent.

In people's universities in both urban and rural locations there is an increase in the number of students with higher educations (from 18 to 21 percent) and with secondary education (from 57 to 62 percent), and there has been a reduction of the number of students with incomplete secondary education.

An analysis of the materials from the accounting also revealed significant shortcomings in the organizational structure of a number of educational institutions. There is still a large number of small universities with no more than 50 students. In every third university in a local area there are less than 100 students.

As compared to 1980 there has been a reduction of the network of people's universities in rural areas. They have decreased by more than half in Belorussia, Uzbekistan and the Transcaucasian republics.

There are not enough people's universities in the system of the USSR Gosagroprom—only approximately every eighth one of the overall number of universities is functioning in rural areas. In the Gosagroprom system there is a total of 1,374 universities in rural areas with about 275,000 students. In the Ukraine there are 90 (16,600 students), in Belorussia—48 (8,800 students), Kazakhstan—154 (18,500 students), Georgia—four (627 students), Azerbaijan—five (528 students), and Turkmenia—20 (1,500 students). These data show that in rural areas the network of people's universities is distributed in an extremely ununiform way in individual union republics.

But there are still significant possibilities of increasing their number, and not just in rural areas. The country has more than 138,000 club institutions and only 9,500 of them have people's universities. Not enough people's universities have been organized in scientific research organizations, VUZes and tekhnikums. The development of this network is taking place mainly as a result of increasing universities of sociopolitical knowledge, culture, natural scientific, medical and hygienic knowledge, and most of the students are concentrated there. The number of universities for studying concrete economics, intensification of production and problems of management, scientific and technical progress and advanced experience is inadequate. In 1987 4,000 (8 percent) of the universities were working in these areas with 821,000 students (4 percent) and in rural areas these figures were 200 (2 percent) and 26,000 (1 percent). In Lithuania, for example, there were only three universities for these branches of knowledge with an overall number of 1,600 students; in Armenia there were 15 universities with 2,900

students; and in Turkmenistan—22 universities with 2,600 students.

There are 9,000 universities or 18.7 percent of the overall number that are operating directly on the basis of industrial, construction, transportation, and agricultural enterprises and organizations.

An extremely inadequate number of people's universities have been organized in the system of construction ministries—only 476. There are one each in Georgia, Latvia, Armenia, and Turkmenistan; Tajikistan has not created a single one. These are mainly small universities with from 65 to 150 students.

Not enough attention is being devoted to publicizing knowledge about information science and computer equipment. There were 24 of these universities in the country with 4,000 students. In Uzbekistan, Kazakhstan, Georgia, Azerbaijan, Lithuania, Tajikistan, Turkmenistan and Estonia they had not created a single university with this profile. As before, there were not enough universities for physical culture and sports or for problems of organizing Soviet trade and consumer services.

Lithuania has not created a single university of Soviet trade in the sphere of service and for the whole republic there is only one university of culture and sports. Only one university of trade with 65 students is functioning in Armenia and Tajikistan has two universities of this profile, each with 50 students.

At the same time in such relatively small union republics as Estonia there are 16 universities of trade and the sphere of services in which 2,400 people are studying, and in Latvia there are 19 universities of physical culture and sports with an overall number of 3,500 students.

A certain amount of work has been done to bring order into the training programs. A one-year program has been used for 46 percent of the students, more than 28 percent have studied under a two-year program, and one-fourth of all the students in the people's universities have been studying under a program intended for 3 years and more.

Most of the students (81 percent) took classes in order to increase their overall culture and education, 13 percent—to increase their professional qualifications, and 6 percent—in social professions. Some raised the level of their educational work. The number of lectures that were given increased by 18 percent and the number of seminars conducted increased by 58 percent.

The materials of the investigation show that the majority of people's universities were limited to lecture work and not enough seminars and practical classes or scientific and technical conferences were conducted with the students. Thus 23,000 universities (48 percent) conducted no scientific-practical conferences at all, and 8,000 (17 percent) had no seminars or practical classes. In 307 universities not a single lecture was given. They include:

the National University of Medical Knowledge, the University of Culture of Kolomenskiy Rayon, the Broad Profile University of Ramenskiy Rayon, the "Food Program" University of Serpukhovskiy Rayon in Moscow Oblast, the University of Culture in Kumsangirskiy Rayon in Kurgan-Tyube Oblast in Tajikistan, and others. Additionally, more than 2,000 universities operated without training-subject plans or programs.

In the 1986-1987 school year more than 1 million instructors and lecturers were trained for work in people's universities (17 percent more than in 1980). The majority of the instructors and lecturers (75 percent) worked in the universities regularly. Among the lecturers and instructors 47,000 (4 percent) had the scholarly degree of doctor or candidate of sciences. But their number had decreased somewhat as compared to the preceding investigation.

Specialists from all branches of the national economy were enlisted to give lectures. Approximately half of the instructors and lecturers were teachers and instructors from secondary vocational and technical schools and specialized secondary training institutions, 12 percent—medical workers, 9 percent—engineering and technical personnel, and 7 percent—instructors at higher educational institutions and workers of scientific research institutes.

Territorial and departmental soviets, in order to raise the level of the training and educational process in universities, are preparing program-methodological documentation. They have published plans and programs for universities for sociopolitical knowledge, concrete economics, scientific and technical progress, intensification of production and problems of management, and so forth. But this was certainly not at the proper level everywhere.

There are significant shortcomings regarding these issues in the territorial soviets of Georgia, Uzbekistan and Kazakhstan, the soviets of people's universities of the ministries of Light Industry, the Means of Communications Industry, the Chemical Industry, and so forth.

In addition to taking stock through questionnaires they study the opinion of the students concerning the quality of training. A questionnaire of more than 1,000 students of universities of various profiles in the cities of Leningrad and Rostov-on-Don showed that there are serious shortcomings in the training process.

Of the overall number of students 55 percent of those questioned gave a positive rating to the lectures that were given and 32 percent indicated that the lecture work at the universities did not suit them. Moreover, the proportion of students not satisfied with the quality of lectures among those in secondary specialized and vocational and technical institutions in general educational schools amounted to 48 percent, students at VUZes—32 percent, and employees—29 percent. The main reasons for the unsatisfactory lectures, in their opinion, are: the lack of connection between the content of the lectures

and the concrete tasks of the labor collectives, the inadequate utilization of technical means in lecture work, and the lack of correspondence between the subject matter of the lectures and the profile of the given people's university.

The seminar classes were given a positive rating by 48 percent of the students who filled out the questionnaires and 29 percent of them noted that the existing level of seminar work does not suit them. The most significant shortcomings were named: the lack of free discussion in the classes, the separation between the seminar classes and practice, and the fact that the classes were conducted only from assignments that had been previously prepared.

The students consider the most effective form of training in a people's university to be a combination of lectures and seminar classes. They give preference to such active forms of classes as discussions, consultations, and defense of papers.

In order to improve the training process the students suggest including mandatory meetings with practical specialists, conducting regular consultations on questions that interest them, business games, and visiting advanced enterprises, museums and exhibitions.

The training process in people's universities should be directed more toward having the students master the latest methods of management and study in depth questions related to restructuring management of the national economy and changing the operation of the enterprises over to conditions of cost accounting and self-financing.

Active methods of training should be used more widely here in order to develop in the students the abilities and skills for actively utilizing the knowledge they receive in their practical work.

Central, territorial and departmental soviets of people's universities should carefully study the demands of the students and significantly improve the training process taking into account modern requirements and the level of education of the population, especially youth.

The process of democratization of social life is taking place on a broad scale in the country and openness is expanding. The role of statistical knowledge is thus also increasing. The public, the press and other mass media are increasingly turning to statistics that reflect the objective processes of economic and social life. Unfortunately, statistical materials are being used inadequately in the training process of people's universities and there are possibilities of improvement.

The USSR State Committee for Statistics and the state committees for statistics of the union republics are publishing special press releases that elucidate various aspects of the socioeconomic life of the society. In 1988 a monthly statistical press-bulletin is being published

and it can be subscribed to not only by an institutional or an organization but by each citizen. This form of obtaining information could be utilized more extensively by practically all people's universities.

The radical updating of the activity of all parts of the country's educational complex is not a short-term but a long-term program directed toward improving the quality of training and education and it is a necessary condition for dynamic social, economic and spiritual progress of the society.

Under modern conditions training and education of the masses acquire priority and require constant attention on the part of all state agencies as well as extensive enlistment in this work of associations, enterprises, organizations, and all labor collectives. In light of these tasks it is often necessary to improve the activity of people's universities.

The central soviet of people's universities and the territorial and departmental soviets, on the basis of an in-depth analysis of the results of the one-time account, must develop and implement measures for improving the activity of people's universities in light of the requirements of the 27th Party Congress and the February (1988) Plenum of the CPSU Central Committee concerning regulation of the network of people's universities in the direction of developing the basic priority branches of science and production and more fully satisfying the requirements and interests of the workers and the real needs of the labor collectives.

It is necessary to implement practical measures for eliminating existing shortcomings in the training and educational process and solving problems of program-methodological support for people's universities promptly and well. It will be necessary to step up goal-directed work for producing program-methodological literature for people's universities and fulfilling the earmarked plans for its publication under the 12th Five-Year Plan.

The most immediate task of territorial and department soviets and of each people's university is to carefully consider the results of the 1986-1987 school year and earmark the basic paths for eliminating existing shortcomings and raising the level of all training and educational work.

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## DEMOGRAPHY

### Goskomstat Chairman Interviewed on 1989 Census

18280001a Moscow PRAVDA in Russian 13 Sep 88 p 3

[Interview with M.A. Korolev, chairman of the USSR Goskomstat, by G. Yakovlev]

[Text] *At one time in ancient Rus' for collecting the tribute they counted the houses or "hearths" and later—the courtyards. But in 1718 Peter I issued an ukase*

*concerning conducting inspections, prescribing "taking statements from everyone so that they would know how many people there were in the village...."*

*The first Soviet census was conducted under the conditions of the civil war, destruction and famine. V. I. Lenin thought that for "socialist construction of the Soviet republic the censuses should have primary and guiding significance. The census sheet completed by Vladimir Ilich personally has been preserved.*

*The current all-union census, the seventh, is of the greatest political and national economic significance. The preparations for it were discussed by a PRAVDA correspondent with the chairman of the USSR Goskomstat, M. A. Korolev.*

[Question] Mikhail Antonovich, it has been officially declared that the All-Union Census will be conducted from 12 through 19 January 1989. But our correspondence, particularly from Karelia and Buryatyev inform the editors that the census is already in progress....

[Answer] Your information is correct. The census has already begun in regions that are remote and hard to get to. The country is large and different approaches are required in any work. In Nenetskiy Autonomous Okrug, for example, we have already counted the reindeer herdsman and their families. Because the brigades camp in the tundra. In September they filled out the census sheets for the residents of certain settlements in Dagestan, Georgia, and Uzbekistan. We have a list of population points that are hard to get to. We began with them. Before the end of the year we shall be doing this for the Altay Kray, Irkutsk Oblast, Chukotka and a number of other regions of the country. They include an insignificant number of residents and most of the work will be carried out during the indicated time periods at the beginning of the new year.

[Question] It is known that L. N. Tolstoy participated personally in the census of Moscow in 1882 and said this about it: "For the society the interest and significance of the census lies in the fact that it gives it a mirror in which, whether we like it or not, we can see the entire society and each one of us." Who is participating in the creation of this "mirror"? After all, the slightest curvature is undesirable....

[Answer] Not only undesirable—it is inadmissible. We need an absolutely clear picture and complete information about the population. The data that are obtained are of primary significance for depicting the social and economic development, especially regional, the rise of the material and cultural level of the people, the fulfillment of the Food Program, the construction of housing, and the training of specialists for the national economy. In order to draw up objective plans in the interests of the people as to how many and where to construct stores, hospitals, dining rooms, schools, and preschool institutions, how many consumer goods to produce, how many

books to publish, how many textbooks and newspapers to publish in the national languages it is necessary to know how the population is distributed throughout the territory of the country and to have information about the age, educational level, and so forth.

[Question] Is this really the first time the housing conditions of the families will be studied in depth?

[Answer] Let me clarify: it is the first time since the 1926 census.

Our country has more than 72 million families. Under what conditions do these families live? Look at the census sheet. Here are the questions: the period of construction of the house; the type of residential premises, how it is arranged, the number of rooms occupied, the size of the area, the material the outer walls are made of. One might ask why we do this when each region and city has its own lists for improving living conditions. Well, the census will give a precise picture of the conditions of various sociodemographic groups of the population in the various territories of the country. How many families live in communal and poorly arranged apartments, do they rent housing privately, who should be helped first and in what regions?

We ask everyone to be understanding about the census. This entire unionwide project is based on complete confidence that the census sheets will be filled out on the word of the residents, without their submitting documents, and they will not be publicized. But the results, on the contrary, will be widely publicized. The extreme clarity and correctness of the answers will make it possible to obtain a "mirror" without curvatures.

[Question] When I asked to participate in the census I had in mind the immediate workers too. What kind of people are they? How are they trained, what are their rights?

[Answer] The main workers who question the population and fill out the census sheets are accountants. We need more than 900,000 of them. These are workers and employees of enterprises, schoolteachers, and students in senior courses at VUZes and tekhnikums. They go through instruction. We recommend enlisting participants in past censuses, agitators—in a word, everyone who has skills to communicate with people in their place of residence. A mandatory rule for the census takers is politeness, attentiveness, and kindness. They are personally approved by the ispolkoms of the local soviets and each one receives a certificate and a badge for participation in the census.

Unfortunately, there are indications from the local areas that certain leaders of enterprises and associations are unwilling to go halfway to meet us and are holding back on allotting census takers and instructor-inspectors. For the period of preparation for taking this census they are released from their basic work while retaining their

wages. These managers refer to the fact that under the conditions of cost accounting this is disadvantageous for them. What do you say to this? There are statewide interests and they must come before departmental ones. I recall that Vladimir Ilich himself said: "The census is not a departmental matter but a matter for the republic, a matter for all Soviet institutions."

The census takers have a large load—an average of 450 city residents or 350 rural residents each. It is also necessary to conduct questionnaires on trains, in places of recreation, and in hotels. I daresay our census takers are enthusiasts. A census taker will visit you no less than two times: just before the census from 7 through 11 January with a preliminary tour of his section and during the actual time of the census. We expect support from local party and soviet agencies—we are checking to make sure that the census personnel are provided with transportation and encounter no obstacles in their work. For in the final analysis all this is being done for the good of our people.

A large amount of work will be done by the commissions for assisting the census—there are more than 100,000 of them. They have been created under the housing committees, houses of culture, enterprises, kolkhozes, and local soviets of people's deputies.

I wish to remind you of the recommendations of the Presidium of the USSR Supreme Soviet to curtail administrative and territorial transformations temporarily, for the period of preparation for the census. In a number of republics, for example Uzbekistan and Turkmenia, they are continuing to make these changes, which complicates preparing for the all-union census.

[Question] Information from the census can be compared with the theoretical foundation for the next five-year plan. But these figures and calculations are needed by individual scientists, architects, and builders, in addition to planning and other agencies and union and republic departments. Ultimately they are needed by anyone who is simply interested in questions of demography and sociology. To what extent will these data be available for the population? The results of the last census were included in one volume if I am not mistaken.

[Answer] You are not mistaken. Unfortunately many data necessary for research—not to mention for the broad public—have ended up in the safe and only a small group of people have been aware of the figures. In order for the figures not to "spoil" a generally favorable picture which the previous management had wanted to see. But even under their pressure it was extremely difficult to distort statistics—for all the data are interconnected. And it was simpler to keep them secret.

Incidentally, from the results of the 1959 census 16 volumes were published, and for the 1970 census—seven volumes for general use. But then things became worse.

In 1977, they kept from the press the most important demographic indicators of the age structure of men and women and they, incidentally, can easily be reproduced by specialists from other "adjacent" data. As a result our scientific workers and readers had to suffer and not the people from whom they were trying to hide the figures.

Statistics are an important nutritive environment for openness in our society. Now our committee is sending to the majority of press agencies bulletins with statistical information concerning practically all aspects of the life of the society and there are press releases almost every day.

[Question] With a direction to refer to the Goskomstat....

[Answer] Yes. And it is not a matter of ambition; the reader must know which data are official—those of the USSR Goskomstat and which come from who knows where. Incidentally, about openness. Recently we created a department of moral statistics. The society must also know the darker sides of our life—the number of people who have died, who have been killed, who have been injured, and who have committed suicide. These figures, like a bell tower, are intended to awaken us from our complacency and evoke feelings of compassion and sensitivity, a desire to help those who have fallen away, in general to find ways out of the blind alleys of immorality, callousness, and egoism.

[Question] The program for the last census containing 16 questions and the new one already has 25....

[Answer] Yes, the program has been expanded. We have added basically questions about housing. There are also others, for example, about the place of birth. It is very important to know how the population is formed in the regions of the country. Especially in the Far East and Eastern and Western Siberia. By studying the migration flows the state will be able to more actively influence the settlement of economic regions that are experiencing a shortage of labor resources.

It is also important to find out which of the workers have come to production after already going through vocational and technical training. Then it will be easier to answer the question: how and where to develop this system?

The census will also reveal a new social group—people employed in individual labor activity.

[Question] And members of cooperatives? Will they also be included in this group?

[Answer] No, they are included among workers or employees.

[Question] The most impatient readers are asking the question: When will they learn the results of this census?

[Answer] There is no secret here. In April 1989 we intend to publish the preliminary results of the census and distribute them throughout the country. More detailed information after checking and careful processing of the census sheets with the help of modern computer equipment is to be provided at the end of the year. And then our society—I will repeat the words of Lev Nikolayevich Tolstoy—will be able to see themselves in the mirror of statistics.

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### Urban Migration in RSFSR, Central Asia Contrasted

18280005 Moscow SELSKAYA ZHIZN in Russian  
20 Aug 88 p 2

[Article by L. Rybakovskiy, chief of the demography section, USSR Academy of Sciences Institute of Sociological Studies: "The Flows of Migration"]

[Text] One in every three citizens of our country is a rural resident. This "arithmetic" may be interpreted in different ways. In the eyes of foreigners, the relative share of the rural population in the USSR is excessively high. We, however, are inclined to think of our villages as being depopulated. Who is right?

Such a formulation of the question is not quite correct. The fact is that the USSR is a country of unusual demographic contrasts. Simply speaking, our population is distributed sparsely in some places, and densely in others. In some regions of the country the departure of the rural population, which is unjustified from a national economic standpoint, continues. In others, the migration of the rural population is so small that it causes a number of negative occurrences in the socio-economic development of the village. In some rayons the population is intensively growing older, in others it remains young, etc. This contrast is most vividly observed in comparing the demographic processes in Central Asia and in the central part of the country.

Let us take the European Center. The rural population in these areas has historically been unlucky. How many wars have rolled over them! This region has found itself in the epicenter of industrialization, which intensively pumped out and continues to pump out human resources from the farms and villages. Efforts were made to hold back this process with the aid of unconstitutional limiting measures, but they led only to the deformation of rural demographic structures and to the formation of a negative attitude toward the rural way of life.

The violation of Leninist principles in implementing collectivization led to the fact that millions of the most work-loving peasants were exiled from the land of their forefathers and taken away from their customary agricultural labor. According to the evaluation of Tikhonov by Academician V. A. Vaskhnil, during those years no less than 10 million rural residents were repressed.

Further experimentation and intervention into all spheres of rural life, the imposition of "allotment" and the so-called submission of production undermined the interest in farm labor.

According to the data of the USSR Goskomstat [State Committee on Statistics], during the years of 1966-1985 the migration outflow from three regions of the RSFSR alone—the Central, Central-Chernozem and Volga-Vyatka—comprised around 7 million people. The rural population of Belgorod, Bryansk, Kalinin, and many other oblasts declined to one-half its former numbers between the years of 1959 and 1987. The departure of young people led to a reduction of the birth rate. In the rural areas of a number of the central oblasts, where there was a significant increase in the average age of the population, the mortality rate began to exceed the birth rate.

This is a sad testimony to the poor living conditions of the farm workers as compared with the urban areas: poor roads, unimproved living conditions, and poor social infrastructure. The reconstruction which has begun in the conditions of rural labor and domestic life will take many years to complete. Of course, the demographic situation will also change gradually. However, this shift will be strongly hindered by the persistent stereotype of the negative attitude toward the rural way of life. In the mid-80's the USSR Academy of Sciences Institute of Sociological Studies studied the character of orientation of grade school graduates in a number of oblasts in Russia. It turned out that only 20-30 percent of the students in the 10th grade of rural schools in Kalinin and Volgograd oblasts intended to tie their fates to agriculture. Among the girls this number was 1 in 10. This attitude is fully supported by the parents. The intention of children to go to the city was supported by 70-80 percent of the fathers and 85 percent of the mothers.

What is it that least suits young people on the farm? It is the shortage of necessary goods and conditions for cultural leisure time and the absence of the company of their peers. These reasons accounted for 2/3 of all the answers.

In the mid-80's there seemed to be an improvement of the demographic situation in the country. This affected also the Russian rural areas, where the birth rate rose, particularly due to the birth of second and subsequent children in families. In 1981-1985 the intensity of the migration outflow from the farms of the non-chernozem zone of the RSFSR was only 2/5 of its level in the years 1971-1975. The most notable reduction in population migration was from the villages of Ivanovo, Kalinin, Novgorod and Pskov oblasts. However, it still remains at a significant level in Gorky, Smolensk, Orel, and Bryansk oblasts. In short, as yet we cannot consider the demographic situation in this region normal.

The situation is different in Central Asia. In the last 28 years the number of rural residents here has more than doubled (it has increased by 10 million people). The high

birth rate, which is 2-3 times higher than in other regions of the country, and the large number of children in rural families are accompanied by the low level of employment of women in social production. But, in general, there are not even enough jobs for them in the Central Asian village. The processing and service sectors are poorly developed, while the needs of the cities are satisfied primarily by persons coming from other republics. For example, the population of Frunze is only 20-25 percent Kirghiz.

All this is certainly not a new discovery of demographers. We have recorded the tendencies noted here for several decades. However, we must pay attention to them again and again, since the signals of alarm sounded by sociologists evoke practically no measures on the part of the organs of state and economic administration. We know, for example, that the rural population of the southern rayons is less drawn to the cities than are the northerners. This is explained by an entire range of circumstances—from "climatic comfort" to the differences in income from subsidiary farming.

While in some regions it is necessary to halt the exodus of workers from the village to the farm and in others, on the contrary, it is necessary to somewhat increase it, that means the programs for socio-economic development in these regions cannot be monotypic. They must necessarily differ from each other.

We believe that in Turkmenia, Uzbekistan, and Tajikistan the increased migration of the rural population to the city would have a positive effect both on the development of industry and on the resolution of the personal fates of the young people. However, as yet the urban houses with standard European planning are poorly suited for housing rural families with many children. In addition, most of the graduates of rural schools in the republics of Central Asia believe that they must know Russian in order to live in the city. They are not opposed to working in a multi-national collective. A survey showed that the desire to work in collectives of one nationality was expressed by only 10-15 percent of those surveyed. However, unfortunately, Russian language instruction to rural children is poorly organized here.

In examining the situation in the central rayons of Russia, we noted that rural adolescents and their parents most often prefer the cities. The situation in the Central Asian republics is much more complex and contradictory. In Tajik villages, 70 percent, and in Turkmen villages 80 percent of the parents want their children to remain with them after completing school. But what are the intentions of the graduates themselves? Three-fourths of them would like to study at VUZes, as a rule in the humanities. In other words, the professional orientation of the young people and the will of their parents are in clear contradiction. This is true also of the selection of profession and place of residence. In spite of the evident desire to work in multi-national collectives, the rural youth of these republics, having assimilated

their parent's values, are reluctant to enter into mixed marriages.

In short, even psychological stereotypes have their clearly expressed regional peculiarities. It is time not

only to be aware of them, but also to consider them in educational and ideological work with the population, and in the vocational training of school children.

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## ORGANIZATION, PLANNING, MANAGEMENT

### Reconstruction at Odessa Toolbuilding Association

18230016 Kiev *RABOCHAYA GAZETA* in Russian 4  
Oct 88 p 1

[Article by K. Bolodin: "Thanks to Reconstruction"]

[Text] Proceeding from self-financing, the collective of the Odessa Toolbuilding Production Association decided during the 12th Five-Year Plan to increase the growth rate of the production volume by 1.8 fold, although the planning indicator remains 1.4 fold.

The continuing reconstruction of the association is helping to resolve this task. According to the conditions of socialist competition, each worker is supposed to work on facilities under reconstruction for at least 150 hours.

The design of new machines and startup of their production has been accelerated here. This process has been cut from 3-5 years to 1-2 years. This is especially important for the consumers who receive from the association automatic equipment for creating unmanned technologies.

UD/325

### KaSSR Machinebuilding Needs Scientific-Technical Base

18230002 Alma-Ata *KAZAKHSTANSKAYA PRAVDA*  
in Russian 10 Jul 88 p 2

[Interview of Makar Musayevich Zhasimov, doctor of engineering sciences and professor, by V. Stupak (Pavlodar): "Acceleration Without an Accelerator"]

[Text] Why Machinebuilding Has Proved to Be a Stepchild of Science.

Machinebuilding should play a key role in today's efforts by Kazakhstan to increase the rate of growth of national income and labor productivity. It is planned to increase sharply its role in the overall structure of industry. About 420 large and small plants and associations in the republic are now engaged in the manufacture of machinery, machine tools, mechanisms and parts therefor. A fourth of the blue-collar worker class—the most highly qualified part of it—is at work at them. Most of all, the enterprises are agricultural, elevating-and conveying, roadbuilding or mining machinebuilding. This enables not only Kazakhstan's own needs to be provided for to a definite extent but also other republics to be supplied and output to be exported to 60 countries of the world in a barter procedure. At first glance, everything is going well in this high-priority area of industry. It is necessary only that it develop more rapidly. Is this so? We put this question to one of the republic's chief specialists in machinebuilding, Makar Musayevich Zhasimov, doctor

of engineering sciences and professor, who has for many years been engaged with problems of restructuring Kazakhstan's machinebuilding. Here is his opinion:

[Answer] Everyone is familiar with the comparison: the share of machinebuilding in the overall volume of industrial production is 1.6-fold lower, and that which it obtains is that much higher, than for the country as a whole. We are bringing into the republic that which is expensive and we are exporting that which costs little. We are trying to compensate for the difference with the output of agriculture and livestock raising. For example, one MC machine tool costs on the average about as much as 500 sheep. Indeed, is it possible to get out of debt this way? As a result, we are importing twice as much as we are exporting in terms of cost. Our natural resources of all types are getting leaner, we are running short in certain types of minerals, and the ecology has been deteriorating considerably. And what about the long term?

The true situation in machinebuilding itself became apparent (and even then not completely), when we ran into the problem of flexible automation and we began to introduce state acceptance. Colossal resources and efforts have been expended, and the results have been minimal. Today's conversion of enterprises to economic accountability and self-financing is unearthing ever newer and newer aspects of this situation. But the main disappointment still lies ahead. It has turned out that machinebuilding is not ready for conversion to the rails of scientific and technical progress, primarily in the matter of economic organization.

At present, all the main enterprises are of Union branch subordination. Only geography unites the plants, which have tens of masters. As a result of regional specialization, the complexity of production is at an intolerably low level. Indeed, can profitability and flexibility of production be achieved if even such widely used and uncomplicated machinebuilding output as metalware is almost completely brought in from outside?

The shiftwork factor of equipment today is lower than during the Eighth Five-Year Plan. Machine tools, bought at tripled prices, are only half used and are rusting, and we are being dispossessed of them. Enterprises have not been oriented economically to the production of quality output. The linking of quantity, quality and pay that had been perfected before the 1960's, as well as technological and labor discipline, have been lost to a great extent.

[Question] And how are things going with scientific support for technical progress?

[Answer] Here it is non-existent. The trouble is that Kazakhstan's machinebuilders have no science base. The Kazakh SSR Academy of Sciences has neither machinebuilding nor mechanical engineering divisions nor one institute engaged in machinebuilding's problems. Today

there is neither a map for optimal siting and specialization of plants nor a developed structure for the republic's control over them. The specifications and conditions under which machines and mechanisms for Kazakhstan and its regions should be produced are unknown. For instance, the high-powered Niva, Kolos and Sibiryak grain-harvesting combines, which are designed for the high-yield and high-straw-content grains of Russia and the Ukraine, have a 4-meter reaper. Our grain does not grow high in stature or in yield. So, for example, Turgay's combine operators lengthened the reaper to 6 meters and obtained 30 percent greater productivity. And who should say what the optimal width of a reaper is: 6, 8, 10, or 16 meters? And why did operator ideas outstrip the academicians' ideas? Up until now neither the Academy nor Gosplan, nor the republic's Council of Ministers, has defined the basic problems of machinebuilding and have not worked out a strategy for developing it.

[Question] Couldn't VUZ science have been of help here?

[Answer] Hardly, if its management were not acquainted with these problems, or did not know fully the quantitative and qualitative capabilities of the machinebuilders' scientists who were working in this system, or their creative potential and interests. The authorities distribute directives of a general nature and, to the extent of their understanding, generalize the data of the vuzes, which are obtained through individual initiatives and efforts. Meanwhile, 15 or so doctors and 200 candidates of engineering sciences who have some relationship or other to machinebuilding are at work in the republic's educational system. An army! There are no graduate students or councils for the defense of dissertations, for example, in the main areas of machinebuilding technology. Talented young people go to the center and get a scientific specialization there in accordance with the subject of the science supervisor. This means that on returning they turn out to be malassigned. If a scientist and his actual specialty match the client's, it is random in nature. He seeks, but he is not sought.

The scientists's labor is recompensed, strange as it may seem, not for the work but for the "wall." Thus for one and the same agricultural contract operation, a doctor of engineering sciences from a VUZ of the lowest category gets 126 rubles per month, while his colleague from a VUZ of the highest category gets 250 rubles. And since the higher-category VUZes are, as a rule, located in the capital, while the low-category VUZes are close to production and on the periphery, a social injustice arises, which, moreover, separates science from production. This is intolerable from the standpoint of both the individual and the state.

There is still another aspect of the matter. Each year the institutes graduate hundreds of engineers. However, this is only an apparent surplus, since the deficit is increasing. A great many of the engineers, including the most highly qualified and experienced, who are not satisfied

with the low pay and the drop in the social significance of the engineer's work, convert to blue-collar worker status. Thus, at the Pavlodar Tractor Plant imeni Lenin Production Association, a leader in Kazakhstan, about 1,300 engineers and technicians have been converted to blue-collar workers. But is it possible to fill the barrel with water if it flows in from one faucet and flows out from numerous holes? And so the barrel must be repaired first.

[Question] Makar Musayevich, what must be undertaken in order to change the situation radically, to pour into machinebuilding the achievements of science and technology, not on a one-time basis but systematically and steadily?

[Answer] For a start, it is necessary to establish at least a coordinating council or bureau under the Kazakh SSR Council of Ministers, to expand the rights of Gosplan's Machinebuilding Industry Section, and then to undertake a further change in the structure, regional specialization, and consolidation of the forces of the academy and the system of higher and special education.

[Question] However, you cannot get along without creating, sooner or later, a special scientific-research institute in Kazakhstan?

[Answer] Undoubtedly. An institute of machinebuilding's industrial problems under the Kazakh SSR Academy of Sciences was needed 15-20 years ago, and, as never before, it is needed now. Naturally, with its opening, questions arise about the problems of research, a place for siting the laboratory and production base, and also its personnel support. In my view, in the first place, the machinebuilding institute should be oriented to solving the first-priority and main problems, and this includes the development of technology. Second, the institute should, to the extent possible, be situated close to the sources of the problems, and to the place for realization of their solution.

Of course one cannot start from nothing. For acceleration, the institute should be established on the base of an existing branch institution of similar profile that is located in the center of our machinebuilding. For example, on the base of the Pavlodar Design-Development Institute for Automated Systems (PKI ASU) of Mintraktorselkhoz mash [Ministry of Tractor and Agricultural Machine Building], which has a good laboratory and production base, a pool of computers and about 350 machinebuilding specialists, and products and developments to its credit. Right now more than 10 machinebuilding enterprises of agricultural profile alone are concentrated in the Pavlodar-Ekibastuz Regional Production Complex and in neighboring Tselinograd and Karaganda. Among them are the Pavlodar Science and Production Association Sborochnyye mekhanizmy, Kazakhsel mash, Tselinogradsel mash, Karagandasel mash, and the Kalkaman Road Machinery Plant. There

are a dozen machinery-repair plants of the same subordination. Plus mine-transport equipment plants. Not to speak of the largest tractorbuilding association.

Today an obstacle to transferring the institute to the Academy of Sciences institute is its assignment to Mintraktoroselkhoz mash. But damage to that agency can be reduced to a minimum by taking some steps. First, the academy's institute that is created could solve primarily scientific problems on raising the reliability of machines and the automation of their production in accordance with orders of precisely this ministry. Indeed, it has in Kazakhstan powerful and numerous machinebuilding and repair plants. Second, the tasks that the Pavlodar PKI ASU is solving will be carried out by five other institutes of this ministry. And a new center of double subordination can be created for everyone. This will but strengthen its influence on production. It can happen that the experience of such a transformation will prove interesting for others also. I will not touch here on the important problem of personnel, it has its own path for solution.

[Question] Are other options also open?

[Answer] Of course. And I have some. A government commission should choose them. One thing is clear: to proceed to open an institute for machinebuilding's technological problems by the traditional method means stretching the matter out over many years. But the republic's economy cannot wait for technical progress, which is defined mainly by machinebuilding. It cannot be considered normal when the Academy of Sciences stands aside and is not in charge of developing machinebuilding. Why not travel the paths suggested by the Ukraine and by Belorussia and Latvia? And the incomparability of the scale of production of Kazakhstan and Latvia only aggravates our situation still more. Today Kazakhstan is producing 20 percent of all the country's bulldozers, 10 percent of the farm machinery, 14 percent of the tractors, and many other machines and mechanisms....

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## TECHNOLOGY ACQUISITION, ASSIMILATION, COOPERATION

**Joint Machinebuilding Ventures with FRG**  
18230015a Moscow *EKONOMICHESKAYA GAZETA*  
in Russian No 35, Aug 88 p 23

[Article by Yu. Pankov: "Cooperation of Machinebuilders"]

[Text] A memorandum of cooperation between the machinebuilders of the Soviet Union and the state of Bavaria (FRG) was recently signed in Moscow. The "go-ahead" was given to representatives of West German business circles for work in the domestic market and the Soviet producers now have new reliable partners.

"Today the first stage of our cooperation has been concluded," noted O. Zinchenko, deputy chairman of the USSR Council of Ministers Machinebuilding Bureau. "We finally have come to an agreement in the matter of cooperative production and for the creation of joint enterprises."

The Bavarian delegation is made up of directors of firms. The companies "Ferrostaal" and [Byeve] are most active. The latter, in particular, has formed a joint enterprise with the Saratov Experimental-Production Association "Elektrobytpribor" for producing machines for dry-cleaning clothing. It has not been finally resolved under what name it will be registered with the USSR Ministry of Finance, but the production program has already been agreed upon and corrected. This year 300 aggregates will be manufactured, 200 of which will be delivered to the Western market. Soviet technical personnel have passed their probationary work at enterprises of the firm in West Germany and the qualifications of the specialists have been increased.

UD/325

## AUTOMATION, AUTOMATED SYSTEMS

**Robots, Flexible Systems Criticized as Wasting Money, Resources**  
18230001a Moscow *PRAVDA* in Russian 22 Aug 88 p 2

[Article by L. Koshkin, academician: "Indulgence for Ruin?"]

[Text] Yes, one must speak precisely about ruinous activities when the subject comes around to creating such new production equipment as robots, flexible production systems (GPS) and processing centers. I recall that ruin under our conditions is not only destruction of existing values, natural or historical, but also any irreversible expenditures of labor and funds, in the final analysis—reduction of public labor productivity.

Last year the average time period for recouping expenditures on industrial robots through industrial profit amounted to 38 years in the Ministry of the Automotive Industry and 196 years in the Ministry of Heavy Machine Building. When the USSR People's Control Committee in 1985 inspected 600 robots that had been introduced with an overall cost of 10 million rubles it turned out that the annual economic effect amounted to...0.2 percent of the expenditures and the time period for recouping these expenditures was 500 years. When the USSR People's Control Committee inspected 16 GPS's in 1986 it turned out that there practically no effective systems and almost all of them were inoperable.

But numerous institutes and design bureaus are working and expending material resources for robotizing production and are created so-called robotized complexes—for

example, a press with a robot attached to it. But they ignore the obvious, in unacceptable economic results. A press with manual feeding costing 2,000-3,000 rubles performed 80-100 operations per minute. This press was loaded by an ordinary worker whose wages were about 1,500 rubles a year. The robot, which usually costs 25,000-30,000 rubles, produces about 10 of these same parts per minute.

So this robot released not one person, as the enraptured proponents of robots seem to think, but only one-tenth of a person. But the robot cannot work by itself. A person must prepare the parts, put them in the cassette, and put it in working position, which is only slightly less labor-intensiveness than manual feeding of the press. This is the case if for a robot they do not use the mechanical feeders that have been in existence for a long time and actually do release people from the work of loading the presses with the simplest forms of blank pieces. These feeders put in hundreds of parts per minute, that is, they do not reduce the productivity of the presses and other machines that are being run and they cannot be replaced by robots.

And so a robot as a device for loading machines with objects to be processed increases the cost of the equipment by a factor of approximately 10 and reduces productivity by the same amount. That is, it reduces the output per ruble of overall (one-time and current) expenditures by a factor of approximately 100. Robotization of rapid, productive equipment is absolutely unacceptable and is direct ruin.

But perhaps the robots are needed for loading machines whose productivity is calculated not in the hundreds but only in individual pieces per minute or even in per 10 minutes, for example, lathes, where they do not reduce productivity? Economically, this is not justified either: with this kind of productivity no loading devices will return the funds invested in them in a short period of time—one or two years—not to mention costly robots. And yet the creation of flexible automated productions and GPS's in machine building is nothing other than robotization of machine tools whose productivity is dozens of times less than necessary for recouping the money from the robots and the entire system for automatic transfer of objects for processing among the machines.

What is the situation with the creation of robots for performing technological jobs, for example, welding bodies of motor vehicles? For such a robot, because of the complicated spatial movement it would have to carry out and the erroneous desire to make it universal as human hands (an impossible and unnecessary task!) is extremely complicated and costly. It costs a minimum of 200,000 rubles, it replaces at most one person, and requires labor-intensive, highly skilled servicing, that is, it can be recouped in no less than 50-100 years. This means that expenditures on its manufacture are never returned.

Each robot causes economic harm. It is minimal, that is, it is equal only to the cost of the robot, if the robot remains in the warehouse. If it is used, the damage increases as a result of service and reduction of the productivity of the equipment that is being operated.

The so-called processing centers contradict the requirements of recoupment to an even greater degree. These are machines for processing by cutting mainly body parts. These machines are based on the principle of sequential performance of all operations with one placement of the part—in one position and with one and the same working organ. This principle contradicts the main requirement of technical progress of production that provides for reduction of one-time and current expenditures—the requirement of dividing the production process up into elementary operations and performing each of them in various positions with the working organs that correspond to that particular one.

Ignoring this principle inevitably leads to making the machines heavier and costlier since each operation, even the smallest one, is performed with a costly part which is necessary only for the most difficult and complicated of all the operations. While in the traditional machines in order to operate an instrument one needs an overall weight of the machine that is greater by a factor of 10,000-20,000 and the weight of the instrument, in a processing center this figure reaches a factor of 100,000!

What is the practical result? The processing center for parts of medium sizes costs 250,000-300,000 rubles not including the fact that foreign currency is frequently used to acquire the control systems. It is assumed that it operates without human participation and thus releases one worker per shift. With three-shift operation it would release (theoretically) three people, that is, the annual economic effect would be about 10,000 rubles. Consequently, even under ideal conditions the processing center would not be recouped for 25-30 years.

I think that processing centers, with the exception of rare specific cases, lead to nonreimbursable expenditures and to ruin. Even more "effective" means of ruin are GPS's, especially, as in the majority of cases, if they consist of processing centers. GPS's are groups of not very productive machine tools linked together by means of transportation for transferring objects to be processed. Automatic means for interoperational transfer can be recouped within the given short period of time and then produce profit only under the condition that there is something to load them with. And this can be achieved only with high productivity of the machines that are being serviced. But the very principle of processing centers contradicts this requirement and rules out the possibility of organizing flow-line transfer of objects from center to center.

The object remains in the processing center for a very long time. Transfer to the next machine tool is required not dozens of times per minute or not even once a

minute, but only several times per shift. What kind of effect can there be from the application of automated transportation devices, even the simplest ones? They are just as "effective" as a railroad if nothing is shipped on it.

Moreover, transportation devices can be simple and inexpensive if they move the parts over the shortest distances, at least from one machine tool to the next one over. But this requires that the productivity of all the machine tools on the line be the same. This is generally not typical of machines in which the object stops for the time of processing. Direct transportation ties between processing centers according to this principle are impossible and therefore after each machine tool the items are sent to automated warehouses, they are accumulated there, and then on commands from the most complicated control systems they are taken from the warehouses and sent to the next operation, completing a journey of many meters.

Thus this criterion is completely ignored: the more continuous the system of machines is, the better, that is, with the least delays and idle time with which the object of processing moves from one operation to the next. To put it simply, in the GPS we see realized the kind of absurd transportation link that would be like, for example, making a shipment from Moscow to Tula not through Serpukhov but through Kazan or Riga.

Thus as is generally the case with automated lines of machines that have no principally new properties, the GPS has no prerequisites for not being ruinous. And this is the case in reality.

Here are some typical data:

The GPS at the Sasovskiy Machine-Building Plant consists of 10 machine tools which are run by 10 people on two shifts: the space taken up is 680 square meters and the cost is 3.5 million rubles.

At the Moscow Stankokonstruktsiya Plant the GPS consists of 15 machine tools and 11 people are employed here on one shift; the space occupied is 900 square meters and the cost was 2.1 million rubles.

The GPS of the Moscow Krasnyy Proletariy Plant consists of 51 machine tools where 85 people work on three shifts, the space occupied is 5,000 square meters, and the cost was 13 million rubles.

The large-scale creation of new production equipment on a principally outdated basis is deliberate ruin, which has already cost billions of rubles and is comparable to the greatest natural disasters in terms of their results. But there are no specific guilty parties and this activity is still planned and is continuing. The Gosplan continues to plan and finance the manufacture of thousands of GPS's, robots and processing centers. It is difficult to say how soon it will be possible to eliminate in practice the indulgence of ill-considered ruinous decisions. I hope that a barrier will be placed against their implementation by the very changeover to self-recoupment and self-financing.

The task consists not only in stopping the creation and introduction of destructive "new" technical equipment. It consists in changing over on the broadest scale to the creation of technical equipment that provides for a new high level of labor productivity, that is, the total output obtained during all the time of utilization per ruble of total expenditures during this time.

Robots, flexible systems and processing centers are ruinous not because of any organizational factors, design imperfections or other "children's diseases." This technical equipment suffers from old incurable diseases. Machines of this class cannot be combined into workable and economically justifiable automatic lines. These lines can be created only out of rotor and rotor-conveyor machines. These are the only ones that can achieve a new and higher level of public productivity.

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